Asia Pacific Journal of Marketing and Logistics

Consumer perspectives on the ethics of an array of technology-based marketing strategies: an exploratory study

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Abstract

Purpose

Technology-based initiatives are now being routinely incorporated within most companies' marketing strategies. This study explores consumer perspectives on the ethics of these initiatives. It also seeks to identify underlying dimensions within the technology-based strategic environment with the intent of generating advances for both academicians and practitioners alike.

Design/methodology/approach

The enquiry is based on a survey featuring a cross-section of 20 technology-based initiatives. A sample of 967 adult residents of the United States provided their views of the extent to which each initiative/scenario conformed to their perception of society's norms regarding ethical acceptability.

Findings

Thirteen of the 20 initiatives were deemed unacceptable with the greatest disdain exhibited for a company posting bogus online reviews. Most acceptable were self-service checkouts. Three sub-dimensions of the ethicality construct as it relates to technology-based marketing initiatives were identified and validated as measurement scales for use in future research: involvement, communication and privacy.

Research limitations/implications

The generalization of findings may be limited because younger and older segments of the population were slightly under- and over-represented, respectively.

Practical implications

Marketers should recognize that consumers are much more accepting of any initiative from which they will derive some benefit. They should also recognize that within this arena, ethical acceptability is a multidimensional phenomenon, necessitating that they strategize accordingly.

Originality/value

Although previous research has garnered insights with respect to a particular technology-based marketing initiative, none have explored the relativities of consumer perceived ethicality across an array of different initiatives or examined any latent sub-dimensions of the construct in this arena. This study addresses these deficiencies.

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Introduction

Unless living in a cocoon, citizens today are more attuned than ever before to the controversies surrounding unacceptable business behavior and in relation to an ever-widening range of issues that specifically fall within the realm of marketing. Recent high profile cases have involved issues such as: accusations of price gouging in the wake of a series of natural disasters, uneasiness surrounding the misrepresentation of environmental pollution levels caused by vehicle emission systems in relation to the Volkswagen scandal, and concerns following decisions by General Motors to not issue a recall for cars that were known to have a potentially deadly defect in the ignition switch. More recently, the press coverage surrounding Apple's refusal, on privacy grounds, to acquiesce to the FBI's request to unlock a suspected terrorist's iPhone has once again propelled business ethics to the forefront of public consciousness, especially since the Justice Department called the refusal a 'marketing strategy' (Lichblau and Apuzzo, 2016.). Running parallel to these high-profile examples, a litany of similar, albeit lower profile stories appearing in the popular press, have alerted the public to the potential for perceived abuses arising from the increased prevalence of technology-based marketing strategies, i.e. a firm's application of an emerging technology for the purpose of establishing or enhancing its own competitive advantage. Accordingly, attitudes towards marketers may have changed, and questions as to whether or not they are doing the right things have become more commonplace among the consuming public as well as the various watchdog groups. In this

regard, it is worth noting that doing the right thing is commonly viewed as behaving in an ethical manner (Neale and Fullerton, 2010).

This reality is important to marketers not in the least because it is becoming increasingly clear that many consumers actively consider a marketer's ethical standing when evaluating and choosing among alternative offerings (Öberseder, *et al.,* 2011; Singh, *et al.,* 2012; Enax, *et al.,* 2015). Thus, marketing practitioners acknowledge that an ethical reputation can provide a basis for creating a sustainable competitive advantage. Two iconic companies, among others, that have benefitted from just such a reputation are Ben & Jerry's and the Body Shop (Bertilsson, 2014). Moreover, various groups within the wider marketing community are now bringing ethical considerations to the forefront of their agenda. For example, Fordham University's 'positive marketing' movement is finding traction across a number of publics, as is the concept of 'humanistic' marketing (Varey and Pirson, 2014). Significantly, the new battle cry in these circles is to reconfigure marketing so that it becomes a force for good in the world by putting ethical considerations at the center of the discipline. Here, ethical marketing decision-making is defined as much more than simply conforming to the law and 'doing what is legal'; rather it is the adoption of a philosophy of 'doing the right thing' that should guide all of a company's actions in the marketplace (Reiling, 2011; Futrell, 2011).

Despite an appreciation that consumer perceptions of ethical behavior are of paramount importance (Shea, 2010), only relatively recently have marketing scholars sought to better understand what it really means to 'do the right thing' from a consumer's point of view. One of the seminal works in this domain concerns the development of a construct called 'consumer

perceived ethicality' (CPE) by Brunk (2012). In an effort to help determine the directionality of consumer opinion regarding a company or brand from an ethical standpoint, six CPE scale indicators were suggested, including whether a company or brand: conforms to society's moral norms; adheres to the law; is socially responsible; avoids causing harm; is genuine and well-intended; and carefully considers the consequences of its actions. Interestingly, while it is apparent that there are differences between what is perceived to be ethically important from a consumer perspective when compared with a company perspective (Aguilera *et al.,* 2007), it seems one common area of agreement is the importance both sides attach to conforming to society's moral norms such as fairness, honesty and transparency (Öberseder, *et al.,* 2013). As if to underscore this point, it is perhaps not coincidental that a recent article stressed an adherence to these values as being one of the top ten key success factors driving the future of marketing (Newman, 2015).

Following this introduction to the topic area, the next section of the paper explains the research purpose, its key constructs and specific objectives. The paper then goes on to provide a thematic literature review leading to the development of three research propositions. Next, there is an exposition of all aspects of the adopted research methodology. This is followed by an analysis of the research results and an interpretation of findings in relation to the research propositions. The penultimate section of the paper presents an understanding of the research limitations and the final section concludes by addressing the theoretical and managerial implications of the study.

Research Purpose and Objectives

Marketers have long been cognizant of the need to engage in environmental scanning. The uncontrollable aspects for which such assessment is advised are the political, competitive, social, economic, and technological environments (Walker and Mullins, 2014). Of these, perhaps the most dynamic changes over the past decade have occurred within the arena of technology. Advancements and new breakthroughs are continually creating a veritable plethora of new opportunities upon which marketers can capitalize while seeking to influence consumer behavior. From smart phones to portable chargers for mobile devices to ultra-high definition (UHD) TVs, these advances have resulted in an array of products that now flourish in today's marketplace. But such advancements do not just enable the development of new products; they also provide new operational opportunities for marketers. Technologies such as Quick Response (QR) codes, radio frequency identification (RFID) tracking, global positioning systems (GPS), beacon technology, and smartphone apps (to name but a few), have presented marketers with the dilemma of determining if and how best to operationalize these emerging tools.

Now that digital technologies are being routinely incorporated within most companies' marketing strategies in a variety of ways, a basic premise behind this study is that there is an inherent need to assess and track the perceived acceptability of these initiatives among consumers. And whereas the literature review below reveals that a limited number of studies have so far addressed ethical issues in relation to a particular technology-based marketing initiative, none were found to have explored the relativities of consumer perceptions across an array of different initiatives, or to have examined any latent sub-dimensions of the ethical

acceptability construct - which remain a mystery. Consequently, the overarching purpose of this exploratory study is to develop grounded theory based on the premise that ethicality in this domain is not unidimensional. This will allow for scales for those sub-dimensions identified in the research to be developed and evaluated. It is contended that due to the general availability and awareness of an ever-widening array of different types of communication- and information-technologies, consumers' perceived levels of ethicality will likely differ according to the functionality intrinsic to the type of technology at hand. As such, the research approach adopted here represents somewhat of a departure from previous investigations into CPE. Rather than putting the focus solely on evaluating the ethical standing of the marketer's company or brand, it puts the focus on evaluating the type or category of technology being employed on the grounds that the technology chosen by the marketer becomes the dominant attribute of the offering being judged.

Thus, in light of the above observations and looking solely at the perceived acceptance of a cross-section of 20 selected technology-based marketing initiatives (identified later), the specific objectives of this study are twofold. The first is the straight-forward delineation of the perceived level of acceptability associated with each of the 20 initiatives. How acceptable are they considered to be, both individually and in relation to one other? A second study objective addresses the dimensionality of the consumer perspective across the behaviors and the development of scales that can be used in subsequent research. Do questions of ethical acceptability represent a one-dimensional structure or are there multiple underlying sub-dimensions comprising the aggregate set of 20 behaviors? Here, the literature indicates the possibility of three potential sub-dimensions relating to the extent which the consumer considers

the functionality intrinsic to the type of technology at hand to be: (i) fundamentally transparent and obvious to them (ii) non-invasive of any aspect of their life, and (iii) potentially beneficial to them in some way. Correspondingly, three separate research propositions underpin this study, as revealed below.

Literature Review

The following review seeks to establish academic context by providing a summary of recent research germane to the ethics of various technology-based marketing strategies. It also aims to integrate a review of stories in the popular business press that have served to alert the public to the marketing applications of emerging technologies and the perceived abuses arising from these opportunities. The review is organized around three key themes, each of which identifies a separate research proposition in relation to this study's second objective. Each begins with the delineation of several technology-based initiatives and how they have been described in both the academic and the popular literature.

Viral marketing is an Internet-based technique designed to promote word-of-mouth discussion, potentially offering marketers an inexpensive medium that can reach a vast audience, yet it is dependent upon the consumer to pass along the URL to others in order for the information to spread like a virus (Flandez, 2007). Although widely embraced by marketers, questions remain as to the level of trust placed on these efforts on the part of the recipients of viral content (Schumann *et al*., 2014). Indeed, research has shown that consumers' mistrust regarding the authenticity of viral messages (i.e. as in stealth marketing) often impacts a propensity to forward

the messages or to otherwise engage in a viral marketing campaign, (Litvin, *et al.,* 2006; Aghdaie *et al*., 2012). Another interactive tool, the major benefits of which most consumers are familiar is that of *search marketing*. Often referred to as Googling, search marketing involves the inputting search terms to help consumers find topic-specific information. Yet according to Panda (2013) issues of transparency are again in play since some consumers may be dubious about the fact that marketers can purchase the rights to specific terms so that their site is given priority on the resulting list of possible matches. Regarding the use of *spam*, a study by Buerck, *et al.,* (2011) suggested that its extensive misuse had gone so far as to impair everyone's perception of email as a transparently trustworthy communication medium despite the fact that in some marketing circles it is still often referred to as being one of the most effective tools that marketing teams with limited resources can use to reach out to large numbers of potential buyers. Indeed, various reports indicate that there are overarching concerns among consumers that those who open such email marketing efforts may find themselves vulnerable to fraud, worms, and viruses meaning that many spam emails are blocked or deleted without ever being opened (Sciberras, 2011). As such, scholars have concluded that, paradoxically, although from a marketer's perspective it is often seen as effective, the consumer's perspective it that it is irritating and unacceptable (Hartemo, 2016). Interestingly, however, when a consumer's prior permission is sought, research has shown that perceptions about email advertising's usefulness and acceptability can be enhanced (Reimers *et. al.*, 2016).

The role *of social media* in marketing has also been called into question. One issue is the use of personal data gleaned from websites such as Facebook, including employers' extensive use of this type of data as a means of screening job applicants (Nathan, 2012; McFarland, 2012). While

such methods potentially create a win-win scenario, they are far from being universally embraced, and questions of ethical breaches relating to a lack of transparency have been put forth by the media (Gutierrez, 2012). Also within the social media universe, *online reviews* have become popular tools for consumers to share insight on websites like Yelp, Amazon, and TripAdvisor. Yet it has been reported that 10 to 15 percent of these reviews are likely to be fake. As a consequence, glowing reviews of a marketer may be self-posted and the harsh reviews may be posted by a competitor, raising ethical questions among consumers concerning the potential for the misleading of rational information-seeking individuals and the unwarranted disparagement of a competitor in an effort to influence the reader's choice from a set of alternatives (Grusich, 2012; Niesche, 2017). Interestingly, no research was found to have addressed these concerns or whether such postings are even effective in the task of influencing consumer behavior. The above study findings, commentary, and opinions lead to the following research proposition:

Proposition 1. Perceived levels of ethicality in relation to technology-based marketing strategies will differ according to the extent to which a consumer considers the functionality intrinsic to the type of technology at hand to be fundamentally transparent and obvious to them.

A study by the Luxury Institute (2014) assessed the market's openness to *SMS texts* as a way of reaching out to consumers, with results indicating that affluent consumers are somewhat reluctant to embrace this form of communication, seeing it as invasive. Another study that assessed receptiveness to SMS texts found that many consumers viewed these texts more as irritations, i.e. unwelcomed interruptions, thus resulting in a negative attitude about this medium

and likely impacting its effectiveness (Zabadi *et al*., 2012). In a similar vein, research by Dix, *et al*., (2016) concluded that trust in an advertiser's intentions is a key driver of consumer acceptance.

Surveillance in a number of forms has become more sophisticated, more ubiquitous, and more invasive with the advances in associated technologies. Along with this, commentators have raised questions about the consumers' loss of privacy together with a lack of transparency about how these technologies are being used by marketers to build up data files and implement discriminatory pricing tactics. In fact, the specter of George Orwell's *1984* has been raised as concerns about *big brother* and a failure to accommodate the interests of consumers are put forth by the critics of such technologies (Slettemeås, 2009; Mack, 2014).

One example of surveillance-style technology is *Radio Frequency Identification (RFID)*, which has emerged as a marketing tool that can be used in several ways. One application is its use *to track a shopping cart*, thus a customer, as they move through the store. Another use for RFID technology involves *embedded devices in products, on shelves, and at checkout points* with the resulting information providing benefits to the marketer such as more efficient inventory control, and value-added sales opportunities. Interestingly, despite several ethical issues that surround its different uses however, researchers have largely neglected the consumer response to such technology (Margulis *et al., 2016*; Martin and Murphy, 2017).

Other types of surveillance technology can provide *point-of-sale (POS) observation*. Regardless of some obvious privacy issues, it is reported that some retailers have placed *facial-recognition*

cameras in the eyes of mannequins with the express purpose of observing customer demographics and tracking their movement through a retail establishment with the overarching objective of boosting sales and profits (O'Mahoney, 2012: Inman and Nikolova, 2017). In a similar vein, a number of stories in the popular press have provided insight regarding the introduction of so-called *smart shelves*. These shelves incorporate sensors that identify a customer's gender and approximate age - data that are then used to tailor and display customized real-time advertisements (Boulton, 2013). Characterized by some as 'spies', smart shelves invite the question as to whether they are just good targeting or an invasion of one's personal space, stimulating unplanned, impulse purchases (Abel, 2013; Graham, 2013; Inman and Nikolova, 2017). Perhaps more disconcerting is the potential to use a person's Facebook profile to facilitate *data mining* (Mack, 2014).

Notably, little research was found to have addressed ethical issues relating to the use of many of the above types of surveillance-style technologies. Nonetheless, collectively, the above evidence gives rise to a second research proposition:

Proposition 2. Perceived levels of ethicality in relation to technology-based marketing strategies will differ according to the extent to which a consumer considers the functionality intrinsic to the type of technology at hand to be non-invasive of any aspect of their life.

The World Wide Web has created opportunities for *virtual storefronts*; those that exist only online such as Amazon.com, as well as those that augment the traditional retailers' brick-and-mortar presence – the so-called 'bricks and clicks' strategy used by most mainstream retailers

such as Target and Walmart. But the virtual retailers' lower service/price offer has created a quandary for the mainstream retailers (Herhausen *et al*., 2015). Due to the virtual retailers' lower prices, many consumers now engage in *showrooming*; a practice of seeking advice and information from the traditional retailers that provide higher levels of service before then proceeding to purchase the product elsewhere at a lower price (Zimmerman, 2012). Indeed, research by Arora et al., (2017) indicates that a consumer's showrooming behavior is largely explained by the pursuit of an economic benefit. Notably, in some instances the practice has led to the imposition of fees for customers who are "just looking", thus providing a good example of how the use of technology can spawn various responses and countermeasures that also have ethical implications (Koosner, 2013).

The advent of the smart phone has led to the use of apps as a tool for marketers to reach and to engage consumers, to gain business intelligence for promotional purposes, and to 'manage' customer relationships (Anonymous, 2014, Trigg, 2017). In fact, *mobile apps* are assuming multiple roles for marketers today, often involving partnering, as consumers are reported to be spending ever more time willingly exploring opportunities on their mobile devices due to a number of perceived potential benefits (Dholakiya, 2014). For example, several major retailers (e.g. Macy's, Best Buy and JC Penney) are reported to have partnered with Shopkick, a mobile application that when turned on by the shopper, rewards them with discounts and other perks (Flaherty, 2013). Allied to the use of smart phone technology, recent reports suggest *proximity marketing* is also surging in popularity and for similar reasons. Despite obvious privacy issues, using smart phone apps and beacon technology, consumers can be identified, placed in a specific geographic location, and sent a text message designed to alert them to a convenient purchasing

opportunity (Anonymous, 2016; Krishen *et al.,* 2017). Interestingly, in contrast to comparable studies (see above: Zabadi *et al*., 2012) attitudes towards SMS text messages by young Egyptian consumers were found to be favorable. Apparently the perceived benefits of personalized offers outweigh the irritation of being contacted by a commercial organization reported to be associated with this form of communication (Rasheed *et al*., 2014).

Although an ever increasing number of mobile apps has prompted debate about the extent to which they truly enhance a company's service to its customers (Trigg, 2017), research indicates that a perception of their utility is one of the key drivers behind their acceptance (Hubert *et al.,* 2017). However, it is interesting that another sort of benefit has also been found to act as an important determinant of a consumer's acceptance of app-based technologies; the sheer pleasure and enjoyment of using it (Kulviwat *et al.,* 2009). This finding is echoed by another study looking into the adoption dynamics of self-service technologies in which the researchers recommend that marketers should seek to convey a sense in which the technology itself can provide their consumers, at least initially, with a new and fun experience (Curran and Meuter, 2007). Perhaps nowhere was this more meaningful than it was with the vast popularity of Pokémon GO (Wingfield and Isaac, 2016). Accordingly, the above research findings and commentary suggest a third research proposition:

Proposition 3. Perceived levels of ethicality in relation to technology-based marketing strategies will differ according to the extent to which a consumer considers the functionality intrinsic to the type of technology at hand to be potentially beneficial to them in some way.

Methodology

A substantive list of technology-based marketing initiatives/scenarios for potential investigation was initially developed on the basis of an overview of recent popular press stories that have drawn public attention to their introduction and usage. Alternatively stated, the list of initiatives considered for inclusion in the final data collection instrument emanated from the literature review. This list included initiatives such as using RFID technology on shopping carts to track consumer movement in a store but it also included responses to technology such as efforts to dissuade showrooming. From here, for the purposes of creating a more manageable 'short list' comprising a suitable cross-section of initiatives to form the basis of this study, a Delphi-style approach was employed. A panel of 'expert' Marketing Professors from several countries, none of whom were involved in the project in any other way and all of whom were anonymous to each other, were requested to provide their feedback as to which initiatives should be included in the final list, giving reasons for their suggestions. After the first round of feedback, a number of the initiatives first listed by the authors were dropped while other new ones were added. The list was revised and included 26 initiatives. After the refined list (including commentary) had been re-distributed to panel members, the second round of feedback resulted in a list of 20 initiatives comprising the set to be included on the data collection instrument to be delineated (see Table 1). The final composition of the questionnaire then incorporated each initiative within an easily-relatable 'scenario' with no brand names being used. For each one, the respondent was asked to rate their view of the extent to which it conformed to society's norms of ethical acceptability on a simple six-point itemized rating scale, with '1' representing a very acceptable initiative and '6' deemed to reflect an initiative characterized as very unacceptable. Respondents also provided

feedback as to how familiar they were with the technology under scrutiny in each scenario. In a separate section of the questionnaire, questions relating to respondent demographics were also included. Notably, there were actually 21 scenarios featured in the questionnaire. The initial scenario focused on multiple platforms used to distribute television broadcasts. It addressed free-to-air, cable, satellite, and streaming opportunities; its sole purpose was that of beginning the survey with an effective and non-controversial initiative/scenario with which virtually everyone would be familiar, so as to act as an ice-breaker and a benchmark.

The first full draft of the questionnaire was piloted with four members of the public. At this stage it was determined that completion times were excessive. Consequently, it was decided to maintain the range of initiatives covered at the expense of questions relating to each respondent's familiarity with the technology being employed based on an assumption of reasonably high levels of awareness among the general public. The questionnaire was then sent to be administered by Research Now, a commercial Internet-based data-collection agency whose protocols afforded an opportunity to pretest the survey in order to resolve any remaining wording, formatting or logic issues prior to invitations being sent to prospective respondents. Most importantly, the Research Now system also provided the researchers with the necessary control mechanisms to ensure the final sample would be a reasonable representation of the study's target population of United States' adult residents. The Research Now organization has a large panel of potential respondents that encompasses all key demographic groups. Data are collected in waves by sending selected panel members an email with a link that they can click on to take them to the survey. The invitations are initially sent to a representative sub-group of the designated target population. By monitoring key demographics as surveys are completed,

deficiencies in the sample composition as it unfolds can then be addressed. Thus, subsequent waves of invitations are sent in greater numbers to undercounted demographic groups. In relation to this point it is important to note that the survey was inaccessible by anyone not directly invited by Research Now. By virtue of this type of monitoring process, the goal of attaining a reasonable representation of the target population was subsequently achieved. Ultimately, 967 completed surveys were returned. The sample was determined to be sufficiently representative of the population of adults residing in the United States, albeit the 18-24 year-old segment was slightly underrepresented whereas the 65+ segment was slightly overrepresented. Notably, within the Research Now system, the identity of each respondent is kept private and confidential.

For the purposes of analysis, with regard to the first of this study's objectives, simple means and frequency distributions were used to assess the respondents' attitudes regarding how acceptable or unacceptable each of the 20 questionable actions is in their eyes. With regard to the second study objective, i.e. that of identifying underlying dimensionality, Principal Components Analysis (PCA) was employed. PCA was selected as the appropriate tool to identify the latent sub-dimensions as no preconceived structure was used as the basis for the determination of which strategic initiatives should be retained for the final version of the data collection instrument. Varimax rotation was used with multiple iterations allowed so as to achieve convergence. Importantly for this research program going forward, such protocols invariably lead to insights that can then be utilized in subsequent analyses using more complex analytical procedures (Hair *et al.,* 2010). Once the underlying sub-dimensions were identified, they were tested for reliability using Cronbach's alpha. In order to reduce each identified sub-dimension to a more parsimonious set of four items, the alpha statistic facilitated the deletion of items which

had an adverse impact on the scale's reliability. With the scales thus identified and constrained to no more than four individual items, the variables remaining in the analysis were subjected to a confirmatory factor analysis with the purpose of validating their position in the identified sub-dimensions.

Results

The initial objective was a straight-forward delineation of American residents' opinions regarding the level of acceptance or rejection of the 20 questionable actions under scrutiny. As anticipated, the range of means was quite wide thereby indicating that consumers do form opinions as to what represents the right thing and what represents the wrong thing to do. This outcome is consistent with the common belief that ethics is situational in nature (Bisschoff, Fullerton and Botha, 2014). Specifically, seven of the 20 actions were deemed acceptable with means below the six-point scale's midpoint of 3.50. The most acceptable action was that of a retailer using self-service checkouts. This was followed by a marketer's strategy of tracking individual purchase behavior on their loyalty cards and disseminating promotional materials tailored to each individual. Interestingly, the most acceptable actions took place in the retail environment and represented potential benefits for the customer. In fact, the four most acceptable actions all addressed specific actions that produced some benefit for the consumer within the retail environment. At the other end of the spectrum, the most unacceptable business action was that of posting bogus reviews praising one's self or falsely denigrating a competitor. The second most criticized action was the use of mass email distributions, or spam, as a means of contacting individuals. Two measures are provided for each of the 20 actions. The mean provides a measure

of central tendency, and the percentage of respondents who indicated some level of rejection of the behavior is used to summarize a broader-based overview of the extent to which there is a consensus in the market for each action. These results are presented in Table 1. They are listed in order from the most unacceptable to the most acceptable action based on their mean scores.

{Table 1 about here}

This leads to the second research objective, specifically that of determining the underlying dimensional structure of the behaviors as identified by the respondents' opinions regarding the ethics of each questionable action. The matrix converged in nine iterations with each of the identified sub-dimensions characterized by an Eigenvalue exceeding 1.0. Furthermore, these factors explained 52.48 percent of the total variation. The best solution emanating from the principal component analysis is a four-factor solution. All 20 of the actions exhibited sufficiently high factor loadings so as to be included. The lowest loading for inclusion was .490. Furthermore, only one action – viral marketing – exhibited a high cross loading. Thus it can be concluded that the technology-based ethics construct is not one-dimensional. Rather it appears to comprise four underlying sub-dimensions. Table 2 provides an overview of the four-factor solution as illustrated by the rotated component matrix.

{Table 2 about here}

The first factor comprises five actions. These five actions each represent some form of consumer involvement. Specifically, the actions are viral marketing, QR code interaction, mobile apps

downloaded to a smartphone by the consumer, one-to-one marketing using a customer-approved loyalty card, and self-service checkouts. In light of the required customer input for any of these actions to be effective, this component has been named INVOLVEMENT. It is also apparent that each of these actions has the potential to provide some benefit to the consumer, thus they are win-win scenarios. Interestingly, four of the five actions comprising this factor are the four most acceptable actions under scrutiny (see Table 1). The second factor possessed the highest loadings for six actions. In general, these behaviors represent ways by which a marketer can transmit information to the consumer. This component, referred to as COMMUNICATION, consists of spam, bugs, text messaging, cookies, search marketing, and advergaming. The third component comprises six actions that address the issue of PRIVACY. Specifically, these actions are tracking with video cameras in stores, smart shelves that determine customer demographics, tracking via GPS on mobile phones, black boxes in cars, potential employers seeking access to an applicant's Facebook account, and posting bogus reviews online. Only the act of posting bogus reviews does not fit neatly into this factor; however, the loading on this component was appreciably higher than was its loading for any of the other three components. The fourth component is fairly eclectic, and it only explains about five percent of the total variance. The three actions that exhibited their highest loading on this factor were GMOs, RFID tracking, and fees to prevent showrooming. For these actions, the consumer assumes no role; rather he or she is a captive of the marketer's overt action. Thus, this component has been labeled PASSIVE.

With the task of determining the multi-dimensional aspects of the technology-based ethics construct, the focus now shifts to the detailed examination of each of the four identified sub-dimensions with a purpose of refining each component so as to create a reliable scale that can be

used in future research. This was done by subjecting each sub-dimension to an assessment using Cronbach's alpha metric for scale reliability. With the objective of reducing each potential scale to four items, the change in coefficient alpha was used to determine which items should be dropped. The final result was that three scales had four items while one scale had three items. An overview of the next phase of the research on each of these four scales now follows.

The initial scale to be examined is that of INVOLVEMENT. By eliminating the item regarding viral marketing, the alpha statistic was a credible .757. Not only did it allow for the dropping of the one item in the INVOLVEMENT scale that exhibited a high and potentially conflicting cross loading, but it resulted in an increased value for coefficient alpha. Values exceeding .7 are typically deemed to be evidence of a set of items that exhibit the high reliability that researchers seek when using multi-item scales to measure some phenomenon. The second proposed scale is that of COMMUNICATION. The original six items that loaded on this sub-dimension were likewise reduced to four via two stages of reliability analysis. By dropping the items that addressed spam and text message shouts, a four-item scale with an alpha coefficient of .713 resulted. The third scale addressed PRIVACY. It also began with six items, but by applying the results emanating from an analysis of the scale's reliability, two items were dropped. The resultant four item scale exhibited a robust coefficient alpha of .769. The final scale was not so straight-forward. The three-item scale which was characterized as PASSIVE because of the consumer's lack of involvement produced an initial reliability measure of .536. Dropping any one of the three items was not only inconsistent with the idea that scales should comprise a minimum of three items, but it also reduced the value of coefficient alpha. Therefore, a decision was made to drop this scale from the subsequent stage of the research.

In an effort to confirm the latent sub-structure of the ethicality construct in this domain, the data were again subjected to factor analysis. This time, however, the analysis included only the 12 items that were retained in one of the three finalized scales. Table 3 provides and overview of these results.

{Table 3 about here}

As can be seen, all items loaded as theorized on their designated scale. Only the COMMUNICATION construct exhibited any concern. The item concerning bugs on one's TV screen exhibited a comparatively low loading of .471 which is further tempered by a worrisome cross-loading of .427 on the PRIVACY construct. In the confirmatory Factor Analysis, it was this COMMUNICATION construct that produced the smallest Eigenvalue, thus explained the least percentage of the variance that was explained by the three scales. But dropping the bugs item from the scale reduced the value of coefficient alpha, so it is deemed an appropriate item for the latent sub-dimension regarding communications. These results are summarized in Table 4.

{Table 4 about here}

As a final assessment tool, the mean for each scale was calculated. This statistic is provided in Table 5 which also provides an overview of the coefficient alpha statistics for each of the three scales included in the final analysis. The mean score was an important statistic in the task of evaluating the three research propositions.

{Table 5 about here}

Discussion

Technology has created numerous opportunities that marketers can conceivably use to implement a more effective strategy that is specifically designed to reach out to target consumers and influence their decisions. Yet since this research identifies a number of strategies that were deemed to be totally unacceptable and others for which no apparent concern was expressed, it is clear that marketers must carefully take stock of consumer opinion. In particular, the results show that there are often varied and mixed opinions regarding this genre of actions, as even for those actions which are generally viewed as acceptable, there is still a meaningful core of respondents who find them to be very unacceptable. For instance, the most acceptable of the actions under scrutiny was that of using self-service checkouts in a retail store, yet 13.4 percent of the respondents indicated some level of disapproval for that initiative.

The acceptability construct is not unidimensional. Four latent sub-dimensions were initially identified, providing an interesting starting point for future investigation in relation to this study's objectives. The initial factor was that of involvement. For each action, the consumer played an instrumental role. Furthermore, it can be seen that each item is capable of providing some benefit to the consumer. For example, regarding the use of QR codes, the consumer must take a photo in order for the information to be transmitted. The benefit derived by the consumer

is the information that helps them to make a more informed decision. The second factor addressed communications. For example, advergaming disseminates marketing messages in a novel way; search marketing allows marketers' messages to be delivered to inquisitive consumers. The third factor addresses privacy concerns. Black boxes in cars and smart shelves that deliver specific information about the consumer but without that consumer's prior permission having been sought are two behaviors that loaded on this factor. The fourth and final component dealt with overt actions initiated by the marketer. Using RFID technology to track consumers' movements through a store and the sale of Genetically Modified Organisms (GMOs) both represent strategic initiatives that may or may not be obvious to the consumer. The other action is that of implementing a fee so as to discourage showrooming. These actions reflect the passive nature of the consumers in that they are in some ways held captive by the marketers' overt actions. It was this sub-dimension that exhibited some deficiencies: only three items loaded on it in the initial Exploratory Factor Analysis; it explained a low percentage of the total variance, and its level of reliability as measured by Cronbach's alpha was unacceptably low. Thus, it was deemed appropriate to drop it from the analysis. Accordingly, the three remaining sub-dimensions form the basis of the ensuing discussion regarding the research propositions put forth earlier in the paper.

Proposition 1 addressed the apparent nature of an organization's efforts to reach out to the individual. Specifically, it stated that: P*erceived levels of ethicality in relation to technology-based marketing strategies will differ according to the extent to which a consumer considers the functionality intrinsic to the type of technology at hand to be fundamentally transparent and obvious to them.* Within the context of the current study, this proposition addresses

COMMUNICATION. To what extent are the marketer's efforts to communicate with the consumer transparent? A look at the scale's mean provides a starting point. With a calculated value of 14.53, this mean is on the unacceptable side of the scale's exact midpoint of 14.00. (i.e., the four-item scale using a six-point itemized rating scale has a range of 4.0 to 24.0, thus translating into a midpoint of 14.00.). A detailed look at the four items in the scale provides more insight regarding transparency. Whereas two of the initiatives – advergaming and bugs – are easily recognized as overt efforts to communicate, the other two – search marketing and cookies – are less apparent in that some consumers may be unaware of how searches can be manipulated and how their previous searches on the Internet make them vulnerable to follow-up communications by marketers. Perhaps one's opinion regarding these initiatives is best characterized as situational. Hence it can be concluded that the results provide modest support for Proposition 1. Clearly, practitioners need to be aware that any initiative of this ilk that is lacking in its degree of transparency to consumers might well reflect poorly on their company's and /or brand's reputation; an outcome that is known to negatively impact a consumer's decision-making when choosing between alternative offerings (Singh *et al.,* 2012; Enax *et al.,* 2015).

The second proposition addresses the issue of privacy. Specifically, Proposition 2 states that: P*erceived levels of ethicality in relation to technology-based marketing strategies will differ according to the extent to which a consumer considers the functionality intrinsic to the type of technology at hand to be non-invasive of any aspect of their life.* Surely, nothing can be deemed as more invasive than a breach of one's privacy and it is therefore all the more interesting to note that Proposition 2 is best captured by the PRIVACY scale identified in the current study. The

four-item scale exhibited a mean score of 16.22; a value on the unacceptable side of the scale's midpoint of 14.00. Furthermore, each of the four items exhibited individual means on the unacceptable side of the original six-point scale. Tracking one's movement through a store and capturing one's demographic profile with a smart shelf are likely deemed less of an invasion of one's privacy as the information gained is fairly generic and the consumer is not really identified per se. Conversely, tracking one's movement via their cell phone's GPS and sending messages to their personal cell phone can be considered invasive. Even more so, the monitoring of one's location and behavior via an airplane-like black box in their vehicle, often without their awareness, is most assuredly deemed to be a significant privacy breach by many individuals. The item means support this premise. As shown in Table 1, the tracking of one's movement through a store with hidden cameras and the recognition of one's age and gender by a smart shelf are slightly unacceptable. Conversely, the two more intrusive initiatives exhibit means that reflect the consumers' general disdain for their implementation. Thus, it can be concluded that Proposition 2 is supported by the results of this study. Here, the clear implication for practitioners is that prior to deploying initiatives of this ilk it would be judicious to, as far as possible, secure the consumer's (albeit tacit) permission in order to counteract any privacy concerns and reduce the perception of risk (Reimers *et al.,* 2016; Zarakhsh, 2016).

Proposition 3 focuses on the potential benefits that the individual consumer receives by virtue of the marketer's initiatives. As such, it proposes that: *Perceived levels of ethicality in relation to technology-based marketing strategies will differ according to the extent to which a consumer considers the functionality intrinsic to the type of technology at hand to be potentially beneficial to them in some way.* Although this scale was originally characterized as INVOLVEMENT, it

could easily be renamed INVOLVEMENT/BENEFIT, since in each of the strategic initiatives examined in this part of the study there will be some benefit accruing to the consumer. Furthermore, this benefit tends to be quite apparent. For example, a decision to capture a QR image on a cell phone leads to information that aids in the decision process; using an App provides information, perhaps even a discount e-coupon that enhances the decision process; using a loyalty card results in individualized value propositions tailored to each consumer, and self-service checkouts at retail stores have the capability of shortening lines thereby reducing wait times while concurrently eliminating much of the idle banter between the customer and the cashier. The results emanating from this study fully align with Proposition 3. The aggregate mean for this scale is 9.20 (on the scale of 4.0 to 24.0) and this value indicates that initiatives of this ilk are strongly supported by consumers. Moreover, another look at Table 1 documents the fact that these four initiatives produced the lowest individual means and that there was little opposition to their application in the marketplace. Therefore, it can be concluded that the evidence fully supports Proposition 3. Clearly then, as far as possible, when deploying any technology-based initiative, practitioners would be well advised to convey the potential economic benefits to the consumer such as saving time, money, effort (Nijssen and Schepers, 2016; Martin and Murphy, 2017), as well as a sense in which the emerging technology at hand could provide their target consumers with a new and pleasurable interactive experience (Curran and Meuter, 2007; Huang *et al*., 2017; Varger *et al*., 2016).

Limitations

Study findings should be viewed in light of several methodological limitations. First, despite attempts to ensure a fully representative sample of United States' adult consumers, younger and older segments of the population were slightly under-represented and over-represented respectively. Second, so as to ensure reasonable brevity of completion for respondents, the selected array of initiatives/scenarios featured in the questionnaire, though judged to represent a fair cross-section of initiatives, by no means presented respondents with a collectively exhaustive set of technology-based marketing strategies. Third, although the concept of ethicality was addressed directly in the questionnaire from the standpoint of respondents' views about each initiative's conformance to society's moral norms, other dimensions (see Brunk, 2012) were not included for similar reasons. Fourth, it is conceivable that only motivated 'technologically – savvy' respondents might have been keen to complete the questionnaire thereby potentially introducing a degree of non-response bias - although the use of a sample from an established panel did increase the likelihood that each potential respondent who was initially contacted would have completed the survey as requested.

The above limitations are not considered to be particularly problematic. But even taking their potential impact into account, it is contended that a number of contributions to knowledge have been garnered in this otherwise under-researched area of marketing decision-making.

Conclusions

Marketing ethics is a point of concern, scrutiny, and criticism by multiple constituencies, to the point where it is now becoming recognized as an important success factor driving the future of the discipline (Newman, 2015). The incorporation of new technology within a firm's marketing strategy has created a litany of new concerns making it conceivable that increased scrutiny will be placed on those marketers who choose to implement these emerging technology-based marketing initiatives. Accordingly, it is apparent that marketers need to complete their due diligence so as to determine which potential technology-based marketing strategies will likely be viewed as acceptable or not within their target markets prior to a decision to operationalize it, and with a view toward the development of an ethical policy in this domain. Whilst not all members of any specific market are likely to agree on what is acceptable, particular interest should be directed towards the weight and depth of such opinion at the extreme ends of the spectrum - both positive and negative. Equally, it is important for marketers to recognize that ethical acceptability is a multidimensional phenomenon and to strategize accordingly. Indeed, in light of the evidence presented in this study, marketers would do well to consider how best to communicate the consumer benefits associated with their planned initiatives. In addition, they should consider how to maximize the transparency and authenticity of any such initiative whilst concurrently seeking to minimize the perception of there being an invasion of the consumers' privacy.

Marketing scholars also have a part to play in seeking to better comprehend consumers' perspectives within this new and important field of study. Toward this end, the scales developed

in this paper provide a starting point for further research. Additionally, through the deployment of both qualitative and quantitative research methodologies, attempts should be made to explore other dimensions of the CPE construct in this arena, and especially with a view to furthering an understanding of the interplay between indicators relating to the technology itself alongside those that relate to the reputation of the brand or company that is implementing it.

With the specter of an increasing array of breakthrough technologies providing an endless number of potentially contentious options going forward, marketing academicians and practitioners alike will need to step up to the challenge.

Acknowledgements

All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards. Informed consent was obtained from all individual participants included in the study.

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Table 1: Overview of Perceived Acceptability of 20 Questionable Business Actions

Action	Mean*	% Rejecting
Posting bogus reviews online to influence consumers	4.88	80.1
spam for mass marketing	4.79	80.6
Potential employers seeking access to Facebook	4.60	74.6
Black boxes in cars to identify location & behavior	4.51	74.1
Charge to discourage showrooming	4.42	71.6
Bugs (omnipresent icons) on TV	4.35	71.2
Using cell phone GPS to determine customer location	4.20	64.8
Text messaging shouts as promotional tool	4.14	62.6
GMO food products	4.03	60.3
Smart shelves that determine customer's age & sex	3.97	58.4
Cookies to track Websites visited	3.83	55.4
Viral marketing	3.56	45.7
Video cameras tracking individual movements in stores	3.54	47.2
RFID tracking of customer movement in store	3.41	42.2
Search marketing where paying advertisers are identified	3.21	35.6
Advergaming – ads & signage in video games	3.14	33.4
QR codes used to market specific products	2.48	16.8
Mobile apps to target individuals	2.31	11.1
1-to-1 marketing by tracking loyalty card action	2.27	12.3
Self-service checkouts in retail stores	2.15	13.4

*Scale: 1 = very acceptable; 6 = very unacceptable

Table 2: Results of Principal Components Analysis (Factor Scores)

Action	1	2	3	4
Posting bogus reviews online to influence consumers	-.295	.234	.490	.221
SPAM for mass marketing	-.034	.573	.142	.285
Potential employers seeking access to Facebook	-.001	-.006	.523	.409
Black boxes in cars to identify location & behavior	.001	.253	.721	.069
Charge to discourage showrooming	-.068	.204	.230	.602
Bugs (omnipresent icons) on TV	.230	.521	.284	.201
Using cell phone GPS to determine customer location	.144	.354	.695	.049
Text messaging shouts as promotional tool	.115	.612	.366	-.055
GMO food products	.076	.162	.020	.704
Smart shelves that determine customer's age & sex	.265	.352	.592	.068
Cookies to track Websites visited	.067	.575	.290	.238
Viral marketing	.495	.481	.110	-.028
Video cameras tracking individual movements in stores	.411	.024	.610	.222
RFID tracking of customer movement in store	.435	.078	.295	.548
Search marketing where paying advertisers are identified	.392	.542	.209	-.012
Advergaming – ads & signage in video games	.369	.611	-.008	.228
QR codes used to market specific products	.730	.265	.029	.026
Mobile apps to target individuals	.759	.288	-.054	.069
1-to-1 marketing by tracking loyalty card action	.719	-.026	.104	.242
Self-service checkouts in retail stores	.621	.078	.111	-.111

Key: INVOLVEMENT COMMUNICATION PRIVACY PASSIVE

Table 3: Results of Confirmatory Factor Analysis of Remaining 12 Items

Scale	Factor Loading		
Retained Marketing Initiative	**Involvement**	**Communication**	**Privacy**
Benefit			
Mobile apps to target individuals	.784		
Self-service check-outs	.677		
QR codes used to market specific products	.727		
1-to-1marketing by tracking loyalty card action	.716		
Communication			
Advergaming		.757	
Cookies to track Websites visited		.747	
Search marketing where paying advertisers are identified		.558	
Bugs (omnipresent ads) on TV		.471	
Privacy			
Black boxes in cars to identify location & behavior			.774
Using cell phone GPS to determine customer location			.766
Video cameras tracking individual location in stores			.668
Smart shelves to determine customer's sex & age			.694

Table 4: Overview of the Confirmatory Factor Analysis

Sub-dimension (Scale)	Eigenvalue	% of Variance	Cumulative %
Involvement	4.424	37.115	37.115
Privacy	1.796	14.218	51.333
Communications	0.920	7.670	59.003

Table 5: Overview of the Confirmatory Factor Analysis

Scale	Cronbach's alpha	Mean
Involvement	.757	9.20
Privacy	.769	16.22
Communications	.713	14.53