



**In Data We Trust:**

**Three Essays on Consumers' Trust-Based Decision-Making Strategies in Privacy-  
Relevant Online Contexts**

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## Summary

Technological advancements and new legal requirements are continuously changing the online data disclosure landscape in terms of both, the quantity and quality of data that firms can acquire. Nowadays, consumers are required to disclose personal data online multiple times a day and in a variety of different contexts, such as creating user profiles, online payment or using location-based services. Despite consumers' increasing online privacy concerns, firms rely ever more strongly on consumer data that they convert into a competitive advantage through personalized product recommendations and targeted advertising. In an effort to encourage consumer data disclosure, many firms have focused on building trust as a way to counterbalance privacy concerns and mitigate risk perceptions. Correspondingly, marketing literature has continued to examine the interplay of trust and consumer privacy concerns. While the extant research has considerably advanced our understanding of the role of trust in privacy-related decision-making, the majority of studies has mainly focused on single-stage, dyadic disclosure settings and cognitive decision-making processes.

Against this background, the overarching goal of this thesis is to shed light on under-researched data disclosure contexts involving trust and to explore additional facets of the underlying decision-making processes. For example, considering pre- and post-disclosure stages when evaluating consumers' data disclosure decisions allows for a more holistic picture of the decision-making process. Similarly, social media and sharing economy settings challenge the traditional assumption of purely dyadic consumer-firm data disclosure, thus extending traditional conceptualizations of trust. Across three independent essays, this thesis addresses the overarching research question of how the peculiarities of multi-stage and multi-actor settings shape consumers' trust-based decision-making strategies.

The first essay provides a holistic overview of the role of trust across different stages of consumers' online data disclosure decisions by means of a structured literature review. I outline a comprehensive set of trust-building factors and contrast cognitive and affective trust-building mechanisms as presented by the extant literature. Lastly, I derive potential future research directions that will aid scholars in identifying new research opportunities.

In the second essay, I investigate how consumers' willingness to enter the data disclosure process as an initial, pre-disclosure decision-stage can be positively influenced by using privacy assurance appeals as part of the data disclosure request. Based on experimental and field study data, this essay underlines the importance of affective processes in early stages of privacy-related decision-making, that are typically characterized by limited time and information.

Lastly, Essay 3 further explores the trust construct in a non-dyadic setting. More specifically, Essay 3 investigates a negative bottom-up trust transfer effect from fellow peers on a sharing economy platform to the platform itself. Findings reveal that despite an objective lack of control of the platform over negative experiences with other users, these experiences are attributed to the platform, thus causing a decrease in platform loyalty intentions. Following Belk's (1988) notion of the self extending to one's personal spaces and resources, the sharing of personal resources with complete strangers is highly privacy-relevant.

In total, the insights gathered from these three essays can be summarized as follows: First, a broadened perspective on the peculiarities of online data disclosure is crucial in explaining consumers' privacy-related decision-making. Modern data disclosure situations can neither be sufficiently described by single-stage, nor by dyadic settings. Second, the dominant privacy calculus model insufficiently explains decision-making processes during online data disclosure. Adopting a less rational perspective that incorporates innate behavioral biases and affective processes enhances the explanatory power of decision-making models. Third, there are different kinds of trust that may have differential impacts on privacy-related

decision-making. While it may be induced by a variety of trust-building and privacy-assuring factors, it may also be transferred between trustees.

As such, this dissertation makes substantial contributions to the literature on online data disclosure decisions and trust-building by examining several under-researched facets of those decision-making processes. Moreover, I provide actionable recommendations for practitioners facing the challenge of establishing data-based relationship marketing and aiming to encourage consumers' trust-based data disclosure.

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## 1. Introduction

### 1.1 Data Disclosure in the 21<sup>st</sup> century: New Challenges and Lingering Concerns

*“If the lifeblood of the digital economy is data, its heart is digital trust.” (PwC, 2018)*

Ever since the rise of e-commerce in the early 2000s, firms have been making an effort to overcome the wall of mistrust that separates them from millions of potential shoppers who are worried about online privacy (Tedeschi, 2000). While some of the traditional trust barriers related to the novelty of the internet in general have been overcome, technological advancements and new legal requirements are continuously changing the online data disclosure landscape in terms of both, the quantity and quality of data that firms can acquire. Both, the Internet of Things and Artificial Intelligence allow for faster, easier and more comprehensive data collection and processing than ever before (Haleem et al., 2022). A study by the IDC (2017) estimates the total amount of data stored worldwide to reach more than 160 zettabytes by 2025.

Accordingly, firms' data collection efforts have reached new heights. Consumers are required to disclose personal data online multiple times per day across a variety of different contexts, such as creating user profiles, online payment, or using location-based services (Morey et al., 2015; Wedel & Kannan, 2016). The systematic analysis of that data allows firms to build a competitive advantage based on personalized product recommendations and targeted advertising (Plangger & Montecchi, 2020). Being able to better understand consumers' needs, preferences and characteristics is immensely valuable for firms, as it has the potential to significantly increase sales (Chen and Stallaert, 2014) and enhance customer lifetime value (Venkatesan & Kumar, 2004). In addition, many 21<sup>st</sup> century business models are entirely based on data (Strahringer & Wiener, 2021). Along with the constant tracking of user behavior, the rise of the sharing economy and social media has further normalized the

opening of the private sphere to a largely anonymous public (Teubner & Flath, 2019; Cheung et al., 2015).

However, the ubiquitous data collection efforts come with the downside of increasing online privacy concerns (Okazaki et al., 2020) and consumer reactance to online data disclosure (Chen et al., 2022). According to the PEW Research Center, 80% of U.S. adults do no longer feel fully in control over their personal data (Auxier & Rainie, 2019). Moreover, in recent years, numerous reports of data breach incidents, identity theft (e.g. Flitter & Weise, 2019) and a general techlash (West & Allen, 2020) have left consumers feeling they are losing their right to privacy (Krafft et al., 2017). This urges firms to react: Apple's most recent "Privacy – That's iPhone" – campaign is only one example of recent efforts to rebuild consumers' confidence in digital business (Chen, 2021a). Google similarly announced plans to gradually block trackers in its Chrome web browser (Wakabayashi, 2021). With "the battle for online privacy reshaping the internet" (Chen, 2021b), trust has been identified as a fundamental means to counter consumers' increasing privacy concerns (Bleier & Eisenbeiss, 2015; Wirtz & Lwin, 2009). Firms are learning that building trust by protecting consumers' privacy can be a new source of competitive advantage (Bleier et al., 2020).

While the importance of trust has long been acknowledged by online privacy scholars (Bandara et al., 2021; Mattison-Thompson & Siamagka, 2021), most of the extant research has been limited to single-stage, dyadic contexts and cognitive processing mechanisms. More specifically, literature on online data disclosure decisions often focuses on how trust affects the actual disclosure decision without considering pre- and post-disclosure decision stages (Martin & Palmatier, 2020). However, consumers' decision to enter the data disclosure process in the first place is an initial decision stage that requires differentiated research attention (Bidler et al., 2020). Similarly, very few studies have looked at the post-disclosure stage and how trust may be, in turn, formed by the data disclosure process itself, while at the same time avoiding regret (Costante et al., 2015). In addition, dyadic data disclosure settings



that are at the center of a majority of extant studies, do not adequately reflect the reality of today's digital landscape. The sharing economy and social media require trust-building beyond the traditional consumer-firm constellation, as peer users take on an increasingly central role. Thus, more insights pertaining to non-dyadic trust-building in a privacy-relevant context are needed to further our understanding of modern data disclosure situations. Lastly, the extant literature's implicit assumption that consumers' privacy-related decision-making is purely based on cognition overlooks the fact that incomplete information and bounded rationality call for complementary affective processes (Acquisti & Grossklags, 2005; Kehr et al., 2015). Next to rationally counterweighting perceived risks in the so-called privacy calculus, trust might as well affect data disclosure decisions through an affective route based on emotions or feelings (Aiken & Boush, 2006; Wakefield, 2013).

In summary, recent developments in the 21<sup>st</sup> century online data disclosure landscape along with changing consumer attitudes and behaviors are challenging both firms' and researchers' established knowledge and managerial strategies. Although the extant research on trust-based decision-making in privacy-related contexts has generated important insights, modern data disclosure contexts, such as multi-stage and non-dyadic settings, warrant additional research attention. Firms require up-to-date insights into how they can successfully respond to these new challenges, in order to win the battle for privacy. Against this background, this dissertation aims to address this gap by examining several under-researched facets of online data disclosure decisions. In three independent essays, this thesis seeks to answer the following overarching research question:

*How do the peculiarities of multi-stage and multi-actor settings shape consumers' trust-based decision-making strategies in privacy-relevant online contexts?*

## **1.2 Research Scope**

Across three independent essays, this dissertation addresses the overarching research question pertaining to how modern data disclosure settings shape consumers' decision-making strategies involving trust. Essay 1 identifies pre-disclosure and post-disclosure trust-building factors by means of a structured literature review on the role of trust in online data disclosure decisions. As a second step, I investigate the effect of privacy assurance appeals on consumers' decisions to enter the data disclosure process as an initial decision-stage. Finally, the third essay looks at a trust transfer effect in the sharing economy as a common multi-actor context of the 21<sup>st</sup> century.

### **1.2.1 Essay 1: Trust in Online Data Disclosure Decisions: A Systematic Literature Review**

Essay 1 of this dissertation focuses on the role of trust in the context of online data disclosure decisions. While many 21<sup>st</sup> century business models rely on consumer data as a source of competitive advantage, consumers are becoming increasingly concerned about their online privacy (Bandara et al., 2020). With trust being a central means to overcome consumers' online privacy concerns (Bleier & Eisenbeiss, 2015), and market experts forecasting a battle for privacy (Chen, 2021b), it is paramount for firms to understand what factors help building trust and what are the psychological mechanisms behind them.

While the extant research has advanced our understanding of online trust in general (Mansour et al., 2014; Urban et al., 2009) and scholars agree on the centrality of trust in the context of consumer data disclosure (McKnight & Chervany, 2002; Metzger, 2004; Joinson et al., 2010), existing conceptualizations remain heterogeneous, leading to confounding and scattered results. In addition, the multi-stage nature of data disclosure decisions as well as the affective processes complementing trust formation have often been overlooked. Thus far, no study offers an integrated perspective of both pre- and post-disclosure trust building factors and consumers' underlying decision-making mechanisms.

By means of a systematic literature review of 63 papers from three different disciplines (i.e., marketing, information systems and management), Essay 1 provides a holistic overview of the trust-building factors identified by the extant literature. These factors are categorized along three different trajectories: pre- vs. post-disclosure trust, situational vs. dispositional trust and cognition-based vs. affect-based trust. In addition, I derive potential future research directions that will aid scholars in identifying new research opportunities. As such, the purpose of Essay 1 is to answer the following research questions:

*What is the role of trust in online data disclosure decisions?*

*What trust-building factors and mechanisms does the literature identify?*

*Which directions for future research emerge?*

### **1.2.2 Essay 2: Attracting or Repelling: The Effect of Privacy Assurance Appeals on Consumers' Decisions to Enter the Data Disclosure Process**

By analyzing how consumers respond to privacy assurance appeals presented as part of the data disclosure request prior to the decision to enter the data disclosure process, Essay 2 of this dissertation constitutes a deep dive into the pre-disclosure decision stage. This is a crucial first step before the decision to actually disclose personal data. While privacy assurance appeals are a common means that firms use to assure consumers that efforts have been made to protect their online privacy (Lowry et al., 2012; Bansal et al., 2015) and to build trust (Mutimukwe et al., 2020), firms face the managerial question of when privacy assurance appeals are most effective: before entering or during the data disclosure process. On the one hand, employing privacy assurance appeals as part of the data disclosure request prior to entering the process could attract more consumers because they will feel more informed about a firm's data handling practices. On the other hand, it could backfire by making privacy-related issues too salient early on in the decision-making process.

In addition, the extant research on privacy assurance appeals has largely explained their effect based on a purely cognitive processing route with rational decision-makers collecting all relevant information before performing a risk-benefit analysis. However, in reality, individuals often need to make privacy-related decisions spontaneously, under time pressure, and without all the necessary information available to them (Acquisti & Grossklags, 2005; Kehr et al., 2015). This may be especially relevant in the context of the decision to enter the data disclosure process because it is typically characterized by limited time and incomplete information.

We build on dual-processing theory (Chaiken, 1980; Evans & Stanovich, 2013) to examine the effect of privacy assurance appeals on consumers' willingness to enter the data disclosure process. To this end, we conducted two online scenario experiments and one field experiment across two different contexts (i.e., insurance, online fashion retail) to answer the following research questions:

*How do privacy assurance appeals affect consumers' willingness to enter the data disclosure process?*

*What are the underlying psychological mechanisms of this effect?*

### **1.2.3 Essay 3: Sharing is Caring? The Effect of Negative Peer-to-Peer Experiences on Loyalty Intentions in the Sharing Economy**

In contrast to Essays 1 and 2, which focus on more traditional online data disclosure decisions, Essay 3 investigates trust transfers in the sharing economy - a 21<sup>st</sup> century business model that requires consumer relationships beyond the traditional dyad. While sharing one's personal resources with strangers is different from consumer-firm data disclosure, Belk (1988) notes that the self may extend to one's personal spaces and resources, thus making the sharing economy context highly privacy-relevant.

An under-researched problem in this context are the consequences of negative experiences with peer users for the platform as a whole. Despite the fact that those experiences do not originate from the platform or its employees, users might still attribute at least part of the responsibility to the platform that enabled the negative peer-to-peer experience to happen because of the close association between a platform and the service providers operating on that platform (Moon et al., 2019).

Thus far, the extant research has found that users only rely on the trustworthiness of the platform when deciding whether to use sharing economy offers, thus reflecting a traditional view of trust as a dyadic and hierarchical construct (Möhlmann, 2016). However, with peer-to-peer interactions largely shaping user experiences in the sharing economy, research should also consider that our view of trust may need to extend beyond the dyad to include peer users and that it may be transferred counter-hierarchically, from peers to the platform.

Based on trust transfer theory (Stewart, 2003) and attribution theory (Folkes, 1984), we investigate how process-related versus outcome-related experiences with peer users affect consumers' platform loyalty intentions. We conducted an online scenario experiment and an online survey in a home-sharing context to address the following research questions:

*How do negative peer-to-peer experiences affect users' loyalty intentions toward a platform?*

*What is the underlying mechanism of that effect?*

*What are potential contingency factors?*

### **1.3 Dissertation Structure**

The remainder of this dissertation is structured as follows. In chapter 2, I present Essay 1, which features a systematic literature review of research on the role of trust in online data

disclosure decisions. Chapter 3 comprises Essay 2. Within this chapter, I investigate the effect of privacy assurance appeals on consumers' decisions to enter the data disclosure process. Chapter 4 features Essay 3, which examines the negative bottom-up trust transfer effect from fellow peers to a platform in a sharing economy context. This is followed by the general discussion in Chapter 5, which provides theoretical and practical implications alongside a summary of my research findings. Moreover, Chapter 5 discusses potential limitations and presents future research directions. Finally, Chapter 6 contains a short overall conclusion. The overall structure of this dissertation is outlined in Figure 1.1.

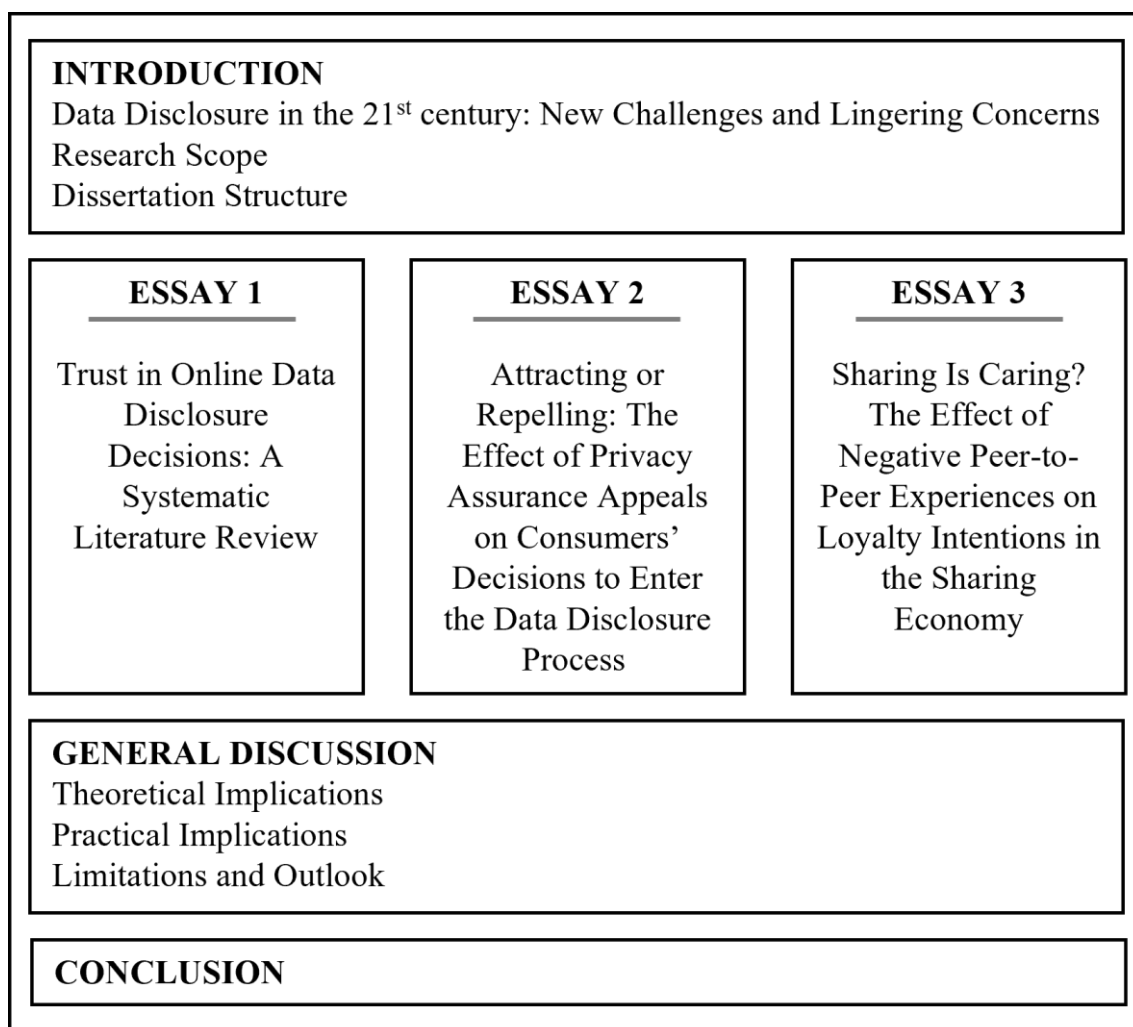


Figure 1.1 Dissertation structure.

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## 2. Essay 1: Trust in Online Data Disclosure Decisions: A Systematic Literature Review

Lea Postel

*While many 21<sup>st</sup> century business models rely on consumer data as a source of competitive advantage, consumers are becoming increasingly concerned about their online privacy. Trust has been identified as one of the main reasons why many consumers still decide to disclose personal data online. Despite a significant body of knowledge on online trust in general and widespread agreement on the centrality of trust in the context of online data disclosure decisions specifically, existing conceptualizations are heterogeneous, and results remain confounding and scattered. In order to provide a holistic overview of the extant research on the role of trust in online data disclosure contexts, I conducted a systematic literature review of 63 articles from three different disciplines. Findings reveal a comprehensive set of trust-building factors across different stages of the decision-making process and contrast different trust-building mechanisms as presented by the extant literature. In addition, future research directions are identified to stimulate further research and to aid researchers in identifying potential new research opportunities.*

**Keywords:** Trust, Data Disclosure, Decision Stage, Affect, Cognition

## 2.1 Introduction

Trust is a highly prominent topic in online privacy research (Bandara et al., 2021) and one of the most important influences on consumers' data disclosure decisions (Mattison Thompson & Siamagka, 2021). While an increasing number of firms depend on consumer data for personalized product offerings and more relevant marketing communications (Martin & Murphy, 2017), consumers are becoming increasingly concerned about their online privacy (Bandara et al., 2020). Firms thus rely on enhancing consumer trust as an essential strategy to overcome online privacy concerns and to ensure business continuity (Swani et al., 2021). Recent survey results suggest that 49% of consumers have started or increased purchases from a company because they trust it, and 33% have even paid a premium for trust (PWC, 2021). While some of the traditional trust barriers to online transactions in general have been overcome, new technological developments (e.g., IoT, AI) and changes to the legal environment (e.g., EU General Data Protection Regulation) warrant additional research on the role of trust in online data disclosure decisions.

Prior research has conceptualized trust as the intention of a trustor to accept vulnerability stemming from the behavior of a trustee without the ability to monitor, control or predict that behavior (Mayer et al., 1995; Rousseau, 1998). As such, trust has been identified as a central aspect of both, interpersonal and commercial relationships formed online, as it counters the anonymity of the internet and reduces perceived uncertainty and risk (McKnight & Chervany, 2002). Despite a significant body of knowledge on online trust in general (Mansour et al., 2014; Urban et al., 2009) and widespread agreement on the centrality of trust in the context of online data disclosure decisions specifically, existing conceptualizations are heterogeneous, and results remain confounding and scattered. A systematic review of research on the role of trust in the context of data disclosure is currently lacking. This study aims at providing a holistic overview of extant findings on the formation

of trust in this context and its effect on individuals' data disclosure decisions, thereby answering the following research questions:

1. *What is the role of trust in online data disclosure decisions?*
2. *What trust-building factors and mechanisms does the literature identify?*
3. *Which directions for future research emerge?*

By systematically reviewing and analyzing 63 articles from the disciplines of marketing, information systems and management, this study makes three important theoretical contributions to trust- and data disclosure research: First, we synthesize extant research findings on the role of trust in data disclosure decisions. More specifically, we look at both, the pre- and post-disclosure stages, in order to derive an understanding of how trust influences those decisions and how data disclosure decisions may, in turn, influence trust. Secondly, we provide a holistic overview of the antecedents of trust in the data disclosure context and of different trust-building mechanisms. Lastly, we identify directions for future research based on the shortcomings of present studies. In addition, this study also makes some notable practical contributions for companies aiming to improve their trust-building strategies, in order to encourage greater data disclosure. Specifically, it identifies a number of key trust-building factors and helps practitioners understand how trust is formed.

Before presenting the systematic literature review, the concept of online data disclosure decisions will be discussed shortly. Following the methodology section, a review of the extant literature will be presented. The results will be discussed along 3 different trajectories: pre- vs. post-disclosure trust, situational vs. dispositional trust and cognition-based vs. affect-based trust. Lastly, potential areas for future research will be identified alongside the implications and limitations of the study.

## 2.2 Theoretical Background

### 2.2.1 Online Data Disclosure Decisions

In psychology research, self-disclosure originally referred to the intentional sharing of personal information by an individual with others or a community of others (Derlega, 1993). With the emergence of digital environments, individuals are facing numerous data disclosure decisions on a daily basis. The realm of online data disclosure encompasses many different contexts that may differ from each other in terms of the purpose of the disclosed data, the type of receivers (i.e., individuals or companies) and the sensitivity of the data that is disclosed. In the context of e-commerce, for example, data disclosure usually serves the purpose of authentication via the ubiquitous registration forms, online payment via the provision of financial information or personalization of products or services via the creation of customer profiles (Metzger, 2004; Joinson et al., 2010). In contrast, disclosing personal information in online social networks usually serves the purpose of either connecting with other users or boosting self-esteem (Ledbetter et al., 2011; Toma & Hancock, 2013). What all of these different contexts have in common, is that the decision to disclose personal information online is highly privacy-relevant because it loosens the “selective control of access to the self” (Altman, 1976, p.8). The sharing of personal information with (unknown) others allows them to gain intimate knowledge about oneself and creates vulnerability toward opportunistic behavior (Martin et al., 2017). While data disclosure is already a sensitive task in offline, interpersonal settings, it is even more problematic in online settings. The anonymity of the internet and the lack of traditional interpersonal communication cues make it even more difficult to decide with whom to share personal information (Masur & Trepte, 2018). On top of that, it is often unclear for decision-makers who can access their data once it has been disclosed (Quach et al., 2022).

Extant research on data disclosure decisions has largely been based on the so-called privacy calculus, a deliberate trade-off analysis between anticipated risks and benefits, as the

underlying decision-making mechanism (Culnan & Armstrong, 1999; Dinev & Hart, 2006). Based on social exchange theory, the privacy calculus suggests that consumers only disclose personal data, if the benefits obtained through this disclosure outweigh the risks associated with it. This perspective assumes fully rational decision-makers that carefully take into consideration all available information and thus perform highly effortful, cognitive evaluations (Acquisti & Grossklags, 2005).

This model has been challenged by several scholars who argue that decision-makers are bound in their rational decision-making by their limited cognitive resources. In an increasingly complex online environment, heuristics, biases and incomplete and asymmetric information can affect data disclosure decisions. Rather than performing elaborate risk-benefit analyses, consumers often rely on automatic, affective reactions to certain stimuli (Slovic et al., 2007). Studies based on dual processing theory propose that data disclosure decisions are based on two separate but interacting information processing types: highly effortful, cognitive processing and less effortful, affective processing (Petty & Cacioppo, 1986; Evans & Stanovich, 2013).

Another common differentiation in privacy-related decision-making is that between general attitudes and situational factors. While earlier research has focused on decision-makers' general attitudes towards privacy (Dinev & Hart, 2006), recent studies found that a situation-specific risk-benefit assessment fully mediates the effect of dispositional factors on data disclosure (Kehr et al., 2015; Wilson & Valacich, 2012). In other words, an individual who is generally concerned about privacy may still be persuaded to disclose personal data, if the situation-specific benefits outweigh the risks.

Lastly, extant research on data disclosure decisions largely focuses on the actual decision stage, without acknowledging that there may be important insights stemming from pre- and post-disclosure stages. For example, Bidler et al. (2020) have posited that entering the data disclosure process is a crucial first step in the decision-making process that warrants

differentiated research attention. Similarly, Costante et al. (2015) have focused specifically on the post-disclosure decision stage and on the regret that may result from failed trust decisions.

Accordingly, the systematic literature review will follow those three trajectories identified based on the extant research on data disclosure decisions in general, in mapping the extant studies on online trust in an online data disclosure context.

### **2.3 Methodology**

Essay 1 is based on a systematic literature review following the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) 2020 statement by Moher et al. (2009) as advanced by Page et al. (2021). While PRISMA was originally developed in a healthcare context, it has been widely applied to various disciplines, such as (clinical) psychology (Klettke et al., 2014), marketing (Chen et al., 2021), and education (Abelha et al., 2020). Systematic literature reviews are considered superior to the traditional narrative approach, as they are comprehensive, structured and reproducible (Tranfield et al., 2003; Palmatier et al., 2018), thus allowing the researcher to “identify, select and critically appraise relevant research” (Moher et al., 2009, p. 1). Topics, such as online trust, that are characterized by sufficient, yet disperse and potentially contradictory findings, particularly merit systematic literature reviews (Palmatier et al., 2018).

Specifically, the PRISMA statement describes four different phases: identification, screening, eligibility and inclusion. In the first phase, relevant studies are identified based on a keyword search of relevant databases. The search for the current study was conducted between January and February 2023 within 2 different databases, namely EBSCOhost and Scopus, thus allowing a comprehensive overview of the current body of literature on trust in the data disclosure context. Two different sets of keywords were derived from the research question, referring to 1) the trust construct and 2) the data disclosure context. The search was limited to high-quality academic journals with 3\* to 4\* rankings from the disciplines of marketing, information systems and management based on the 2021 Academic Journal Guide.



An overview of the overall search strategy is provided in Table 2.1. The search was based on title and abstract. We limited our search to papers published in the year 2000 or later, as technological advancements, such as the internet, smartphones and IoT may have changed the meaning of both, privacy and data disclosure (Gerber et al., 2018). In addition, the articles had to be written in English. The identification phase resulted in 1043 hits. After eliminating duplicates, the sample was reduced to 948 articles.

<b>Concepts</b>	<b>Keywords</b>
1. trust	“trust” OR “trustworthiness”
2. data disclosure	data OR information OR self AND (disclos* OR shar* OR reveal*)
<b>Search Strategy</b>	<b>1 AND 2</b>

Table 2.1 Search strategy.

The second phase included the manual screening of articles’ titles and abstracts using the following exclusion criteria: Articles were excluded if they did not present empirical results (i.e., theoretical / conceptual publications or literature reviews). The search was further limited to articles with a focus on trust-related antecedents or consequences of data disclosure decisions or privacy-related decision-making more broadly, in order to ensure that the selected articles would correspond to the research question. In addition, articles that focused on corporate data disclosure, COVID-19 related data disclosure, employee-firm relationships or data disclosure toward governmental bodies were discarded. The web app Rayyan was used to manage the literature sorting process (Ouzzani et al., 2016).

A total of 878 articles were eliminated because they fell outside the scope of this study. The remaining 70 articles were then subjected to the third phase that re-assesses eligibility by screening the full texts and applying the same exclusion criteria. Another 7 articles were excluded in this phase because they did not focus on consumer online data

disclosure decisions, but instead on consumer attitudes towards the sharing of their data between different parties or on technological solutions for enhanced privacy. The study selection process is illustrated in Figure 2.1.

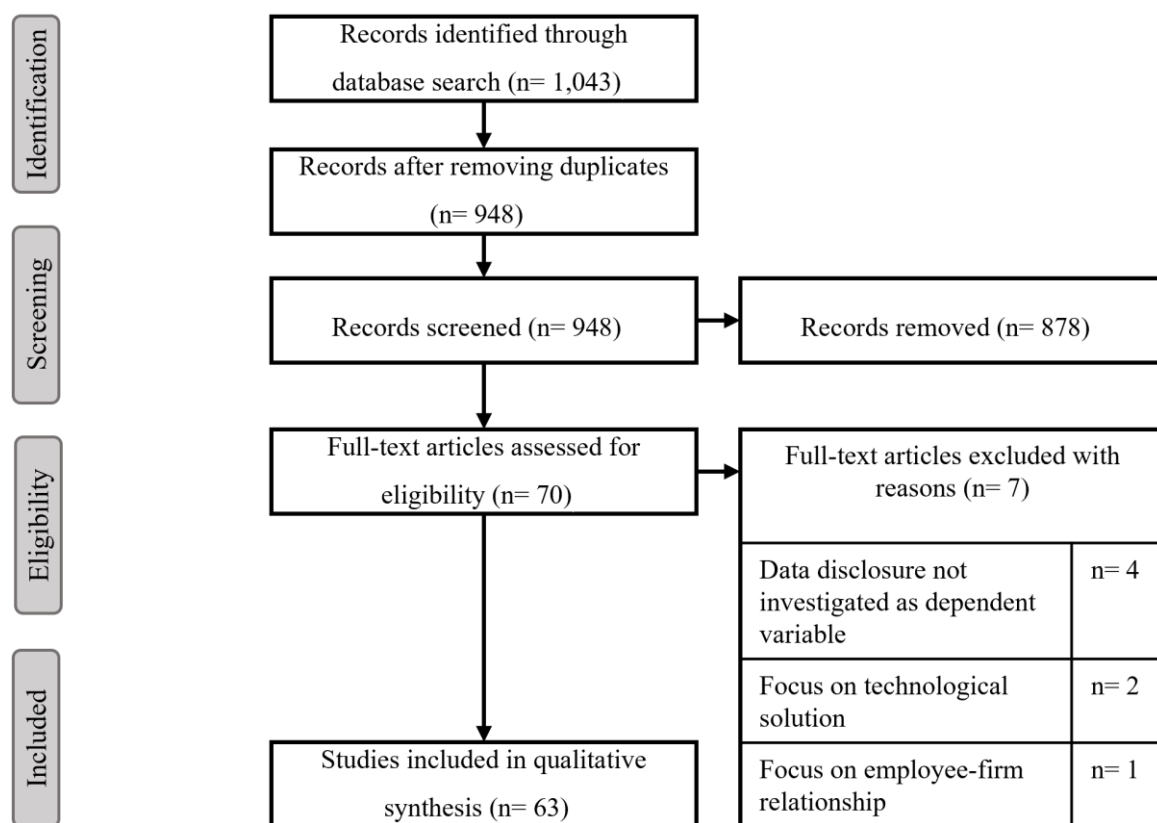


Figure 2.1 Flowchart of the study selection process.

A final sample of 63 articles were included in the qualitative synthesis. To create a holistic overview of the role of trust in online data disclosure decisions, the results will be presented along 3 thematic trajectories. First, the articles were grouped based on the decision stage that they focused on (i.e., trust as an antecedent to data disclosure vs. trust as a consequence of data disclosure). Next, we differentiated between different types of trust factors (i.e., dispositional vs. situational) as well as between different types of trust-building mechanisms (i.e., cognition-based vs. affect-based). Appendix A shows a comprehensive overview of all studies included in the review.

## 2.4 Results

### 2.4.1 Descriptive Statistics

For the final set of studies, the year of publication ranged from 2002 (2) to 2022 (4), with the maximum number of studies (8) being published in 2010. For the last three years (i.e., 2020 (6), 2021 (4), 2022 (4)), we see a constant interest in this topic (see Figure 2.2).

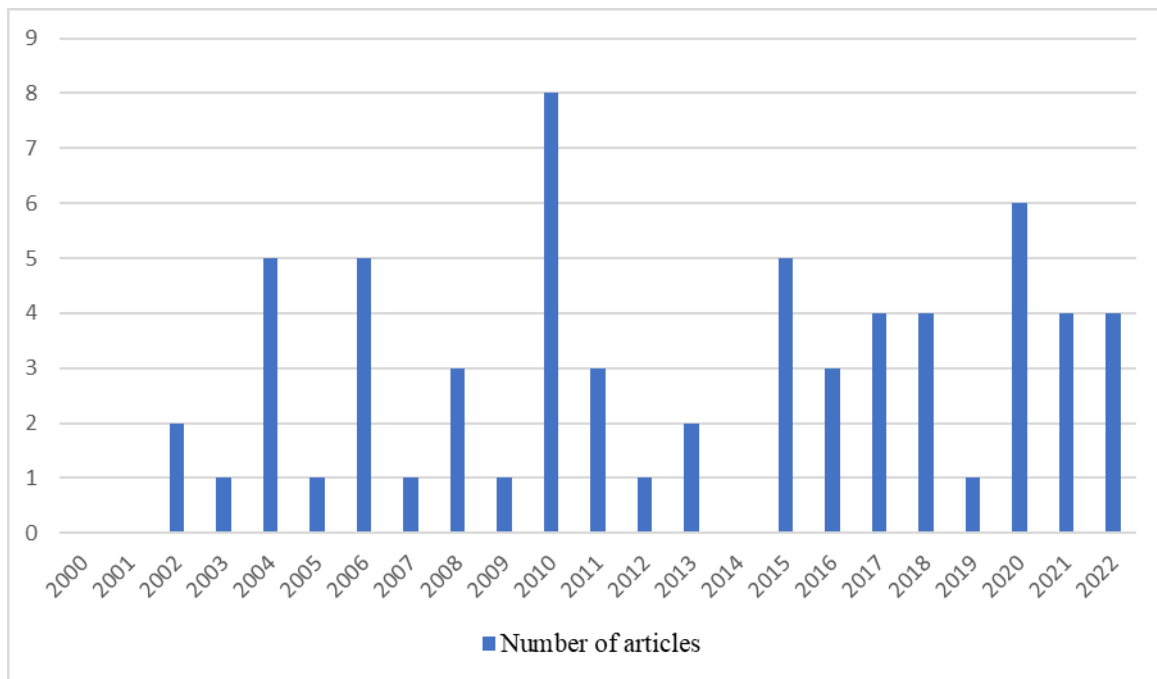


Figure 2.2 Number of articles published per year.

A large number of studies were published in Decision Support Systems (6) followed by the Journal of Interactive Marketing (5), the European Journal of Information Systems (5) and the Journal of Business Research (5). A full overview of all journals can be found in Table 2.2. Out of all 63 studies, 31 were conducted in an e-commerce context, 9 in a social media context and the remaining studies were conducted across different contexts, such as healthcare, online banking/finance websites, e-services or location-based services/mobile apps. For five studies, the context was unspecified. Most studies used a survey (37) as their research method, followed by experiments (18), field studies (2), interviews (1), focus groups (1), event studies (1) and content analyses (1).

<b>Journal</b>	<b>Number of articles</b>
British Journal of Management	1
Business Ethics Quarterly	1
Decision Sciences	1
Decision Support Systems	6
European Journal of Information Systems	5
European Journal of Marketing	1
Government Information Quarterly	2
Information & Management	3
Information Systems Frontiers	4
Information Systems Journal	2
Information Systems Research	2
International Journal of Consumer Studies	1
International Journal of Electronic Commerce	3
Internet Research	3
Journal of the Academy of Marketing Sciences	1
Journal of Advertising	1
Journal of Advertising Research	1
Journal of Business Research	5
Journal of Computer-Mediated Communication	2
Journal of Information Technology	1
Journal of Interactive Marketing	5
Journal of Marketing	2
Journal of Marketing Research	1
Journal of Management Information Systems	1
Journal of Retailing	2
Journal of Strategic Information Systems	2

MIS Quarterly	1
Psychology & Marketing	2
Public Policy & Marketing	1

*Table 2.2 List of journals.*

### **2.4.2 Pre-Disclosure Trust**

In line with the extant literature on data disclosure decisions in general, most studies in the review looked at trust from a pre-disclosure perspective (i.e., trust as an antecedent to data disclosure). Those studies argue that trust is formed based on a variety of different trust-building factors and that it will, in turn, positively affect consumers' data disclosure decisions by reducing perceived risks and/or counteracting privacy concerns (e.g., Aljukhadar et al., 2010; Bandara et al., 2020). Those factors can be either situational (i.e., a belief formed based on the characteristics of a specific context) or dispositional (i.e., a propensity or general tendency to trust rooted in the trustor's personality). In the following, the results will be discussed per the above factor classification.

#### *Situational Factors*

Nineteen papers have investigated the effect of privacy assurances, such as privacy policies or privacy seals, on consumers' willingness to disclose personal data (e.g., Aiken & Boush, 2006; Brough et al., 2022; Hu et al., 2010). With the exception of Brough et al. (2022), Kim et al. (2008) and Wang et al. (2004), the majority of those studies found that the mere presence of privacy assurances positively influences consumers' trusting beliefs which in turn positively affect the willingness to disclose personal data (e.g., Aiken & Boush, 2006). This positive impact of privacy assurances on consumers' trust was reduced for individuals with a high self-efficacy and experience because being skilled or experienced in this area prevents users from relying on any type of additional cue (Keith et al., 2015; Kim & Kim, 2011; Metzger, 2004; Miyazaki, 2008). Similarly, for consumers with a positive attitude toward advertising in general, privacy assurances failed to influence trust perceptions

regardless of consumers' level of desire for privacy (Stanaland et al., 2011). In contrast, for consumers with a negative general attitude toward advertising and a high desire for privacy, privacy assurances raised perceptions of trust (Stanaland et al., 2011).

In the case of privacy policies, the transparency of those policies further increased consumers' trust (Esmaeilzadeh, 2020). However, Milne & Culnan (2004) found that the positive effect of privacy policies is dependent on consumers reading and understanding them, which necessitates a compromise between being exhaustive and being accessible. Pan & Zinkhan (2006) advise that consumers prefer a short, straightforward privacy notice over a lengthy, legalistic one. In an extension of this argument, four elements of the fair information practice principles (i.e., access, notice, security and enforcement) were found to positively influence perceived effectiveness of a privacy policy, which in turn positively influences trust via greater perceived control (Chang et al., 2018). In addition, if consumers already have prior experiences with a firm, they are less likely to read the privacy notice, which makes privacy notices particularly important for first-time customers or for new firms without an established customer base (Milne & Culnan, 2004). On the other hand, as Brough et al. (2022) point out, privacy notices can also have a 'bulletproof glass effect' by increasing feelings of vulnerability and undermining consumer trust.

In the case of privacy seals, Hu et al. (2010) differentiate between different functions that these seals can serve (i.e., transaction security, privacy or transaction integrity) and find that multiple functions are not necessarily more effective in enhancing consumers' initial online trust. More specifically, the effect of the privacy function is weakened when it is combined with either of the other two functions. In addition, third-party seals as 'transference-based trust determinants' are more positively related to trust in collectivist compared to individualistic cultures, as members of collectivist cultures are more likely to be influenced by group norms and group members' opinions (Kim, 2008).

Another situational factor that was found to positively affect trust by 6 papers from the dataset is reputation or regard for the company (e.g., Lwin et al., 2016; Metzger, 2004; Schoenbachler & Gordon, 2002). As an assessment of the firm's expertise (Eastlick et al., 2006) and its likelihood to honor its obligations (Kim et al., 2008), a positive reputation leads consumers to infer that the firm is going to continue to behave like it did in previous transactions, thus increasing perceived trustworthiness. Bansal et al. (2015) add that while individuals with high privacy concerns relied more on the perceived adequacy of the privacy statements (central route), they supplement those perceptions with attention to the trustee's reputation (peripheral route). Individuals with low privacy concerns rely even more strongly on reputation because their need for effortful processing is lower. In line with these findings, Kim et al. (2008) agree that reputation has a positive effect on trust via the affect-based (i.e., peripheral) route.

Eleven papers investigated the effect of the trustee's characteristics on trust formation (e.g., Bart et al., 2005; Wakefield, 2013; Zhou, 2015). Similar to reputation, trustee characteristics, like the website's company information, information quality and design appeal are processed via the peripheral route and are more relevant for individuals with low privacy concerns (Bansal et al., 2015). In addition, Bansal et al. (2016) claim that context sensitivity affects the importance of trust in determining consumers' willingness to disclose. According to their findings, trust plays a significantly more important role in sensitive social-based health contexts, compared to finance or e-commerce contexts. In addition, they found that privacy concerns only negatively affected trust in a sensitive finance context, but not in an e-commerce or health context. In line with these findings, Bart et al. (2005) argue that the influence of different website characteristics on trust varies for different site categories. While privacy and order fulfillment are most influential for sites in which both, information risk and involvement are high, such as travel websites, navigation was the most important determinant of trust for information-intensive sites, such as sports or community. The mediating effect of

trust on behavioral intention was strongest for computer sites and weakest for financial services sites (Bart et al., 2005). The findings presented by Wakefield (2013) on the effect of positive affect/enjoyment on trust further support this line of argumentation, as the author used different website contexts to manipulate affect. In the context of location-based services, Zhou (2015) found that both, ubiquitous connection and contextual offering had a significant effect on trust which in turn positively affected usage intention. The author argues that the personalized information and services provided through location-based services demonstrate the trustee's ability and benevolence, thus building trust. In contrast, Bol et al. (2018) argue that when people were confronted with personalized communication, they trusted those companies slightly less. Overall communication quality, on the other hand, was found to increase promotion-focused behaviors, such as providing personal information (Lwin et al., 2016).

Six papers from the dataset looked at consumers' perceptions of security control (e.g., Krasnova et al., 2010; Mattison Thompson & Siamagka, 2021; Suh & Han, 2003) and empowerment (Kim & Kim, 2011; Midha, 2012). They found that perceptions of nonrepudiation, privacy protection and data integrity have a significant impact on trust in e-commerce, whereas the perceived strength of authentication and the perceived strength of confidentiality did not (Suh & Han, 2003). Rather than being guided by predispositions, consumers appear to mainly assess their security control perceptions based on indirect cues provided by the trustee, such as privacy and security policies, perceived website investment (i.e., design) and reputation (Ray et al., 2011). Perceived privacy ethical care was also found to increase both, perceived information control and trust, and to be a driver of the amount and accuracy of information consumers are willing to disclose (Mattison Thompson & Siamagka, 2021). In addition, privacy empowerment (i.e., an individual's perception of the extent to which he/she can control the distribution and use of his/her personally identifiable



information) was found to have both, a positive direct effect on trust (Kim & Kim, 2011) and an indirect effect on trust through privacy concerns (Midha, 2012).

Social factors were found to have a positive effect on trust in a data disclosure context by three papers from the dataset (Aljukhadar et al., 2010; Shih et al., 2017; Zalmanson et al., 2022). Aljukhadar et al. (2010) affirm that the media richness of a privacy policy positively influences trust by enhancing social presence and thus attenuating perceived risks. In line with those findings, Zalmanson et al. (2022) showed that the presence of social cues on a website indirectly affects consumers' likelihood of disclosing personal information by enhancing perceptions of the site's trustworthiness via enhanced social perceptions. This effect was more pronounced when consumers were primed with additional trust cues, such as data protection disclaimers (Zalmanson et al., 2022). In a social media context, Shih et al. (2017) found that stronger cognitive, affective or evaluative social identity with a social networking site led consumers to perceive greater cognitive trust, which motivates consumers to disclose private information and personal preferences.

Lastly, six papers focused on the modalities of the data disclosure request itself, by investigating the effect of the sensitivity/type of the information requested (Malhotra et al., 2004; Okazaki et al., 2009), perceived ubiquity (Okazaki et al., 2009), perceived relevance and amount of data requested (Miltgen & Smith, 2019) and incentives offered (Miltgen & Smith, 2019; Premazzi et al., 2010). Requesting more sensitive information, such as financial data or medical information, was found to decrease trusting beliefs (Malhotra et al., 2004). Both, perceived ubiquity and sensitivity also increased the negative impact of privacy concerns on trust (Okazaki et al., 2009). At the same time, the effect of perceived sensitivity is likely dependent on the context of data collection, as higher levels of perceived relevance are associated with higher levels of trust (Miltgen & Smith, 2019). In terms of the amount of data requested, trust has an important impact on consumers' tendency to falsify their personal data when a large amount of data is requested, but not when only a small amount is requested

(Miltgen & Smith, 2019). The type of incentive offered by the data request (i.e., monetary vs. non-monetary) further moderates the effect of trust on data falsification, such that higher trust is associated with reduced falsification only if a monetary incentive is offered (Miltgen & Smith, 2019). Interestingly, Premazzi et al. (2010) found that subjects did not claim to be more willing to disclose in the presence of incentives, but were in fact more inclined to do so, as indicated by their actual behavior. In addition, a monetary incentive only led to higher disclosure if initial trust was low, but resulted in lower disclosure when initial trust was already high (Premazzi et al., 2010).

### *Dispositional Factors*

Various studies have also focused on consumers' pre-existing beliefs about or attitudes towards the trustee(s) as pre-disclosure trust-building factors. The most common dispositional factor that was investigated by fifteen papers in the dataset, is general privacy concerns or general internet privacy risk beliefs (e.g., Dinev & Hart, 2006; Malhotra et al., 2004). Different from situation-specific risk perceptions, general privacy concerns describe an individual's overall tendency to worry about their privacy online, irrespective of the disclosure situation. According to Malhotra et al. (2004) who developed the internet users' information privacy concerns scale, individuals' level of general privacy concerns depends on three factors (i.e., collection, control and awareness) and has a negative impact on the intention to disclose, which is fully mediated by trusting beliefs. These findings were replicated by Chin et al. (2022) and Milne & Culnan (2004), who confirm that consumers' general privacy concerns negatively affect consumers' trust of mobile payment systems and of online privacy notices in general. This negative effect of privacy concerns on trust is stronger for females than for males (Midha, 2012). Dinev & Hart (2006) further suggest that general internet privacy risk beliefs may impact the privacy calculus by negatively influencing situation-specific privacy concerns and positively influencing trust. Similarly,

Ozdemir et al. (2017) claim that general risk perceptions are associated with lower perceptions of trust in a social media context.

The opposite effect of trust as an antecedent for privacy concerns was not found to be significant nor moderated by consumers' general beliefs about the EU-GDPR (Evans et al., 2022). Instead, perceptions of privacy risks and privacy control were found to be antecedents of privacy concerns (Mutimukwe et al., 2020). As a moderator, privacy concerns affect the relationship between trust and attitude towards online purchasing (McCole et al., 2010). More specifically, the positive effect of trust in a specific vendor on attitude towards online purchasing increases when individuals have high privacy concerns, whereas the positive effect of internet trust on attitude towards online purchasing decreases for individuals with high privacy concerns.

On the opposite side of the spectrum, five papers have looked at consumers' perceived security/privacy beliefs (Chin et al., 2022; Wakefield, 2013), perceived (regulatory) protection (Bandara et al., 2021) and overall desire for privacy (Miyazaki, 2008; Stanaland et al., 2011). Bandara et al. (2021) found that both, perceived corporate privacy responsibility (i.e., consumers' perceptions of corporate obligations to consumer privacy protection) and perceived regulatory protection (i.e., consumers' perceptions of a government's and industry agencies' internet privacy regulations) have a significant positive effect on trust, which in turn counteracts defensive behaviors, like falsifying or withholding personal data. Similarly, in a mobile payment context, perceived security of mobile payment systems was found to positively influence trust (Chin et al., 2022). Moreover, Wakefield (2013) asserts that positive affect has a significant effect on website trust and that this effect is more pronounced for users with low internet security beliefs. In terms of consumers' desire for privacy, Miyazaki (2008) found that it may attenuate consumers' negative reactions to cookie use. In line with those findings, Stanaland et al. (2011) affirm that for individuals with a high desire for privacy,

privacy trustmarks could reduce privacy concerns, whereas they had no effect when the desire for privacy was low.

Five papers from the dataset have looked at the effect of personal experience and familiarity on trust (e.g., Kim et al., 2008; Miyazaki, 2008). Aiken & Boush (2006) found that the relationship between general internet experience and trust is an inverted U-shape, meaning that trust first increases along with experience before it levels off and even decreases for individuals with very high levels of experience. In the context of online cookie placement, Miyazaki (2008) claims that for consumers with low online experience, the detection of cookies led to lower trust, whereas this effect was attenuated for consumers with higher online experience. In terms of familiarity, Kim et al. (2008) found a strong direct effect on both, consumers' trust and online purchasing intentions. Likewise, Bart et al. (2005) have looked at both, internet shopping experience and familiarity with the website. Their findings suggest that while internet shopping experience is a strong determinant of trust for portal sites, familiarity is a particularly important driver for automobile, travel and e-tailer sites. Chin et al. (2022) also affirm a positive effect of familiarity with mobile payment systems on trust.

Five papers explored the influence of personality traits (Bansal et al., 2016), including perceived self-efficacy/expertise (Bart et al., 2005; Keith et al., 2015; Kim & Kim, 2011), disposition to trust (Kim et al., 2008; Kim & Kim, 2011) and value congruence (Cazier et al., 2007) on trust. Bansal et al. (2016) found that extroversion positively impacts trust, but not in socially-sensitive contexts, like health. Similarly, the impact of agreeableness on trust was also highly context-dependent, such that it was stronger in a health context. In contrast, emotional instability, intellect and conscientiousness did not influence trust (Bansal et al., 2016). Perceived self-efficacy (i.e., an individual's belief in his/her own competency and capability) was found to have a positive effect on users' initial trust in location-based app vendors, regardless of their actual trustworthiness (Keith et al., 2015). Furthermore, while Keith et al. (2015) found high perceived self-efficacy to reduce the impact of privacy

assurances on consumers' trust, Kim & Kim. (2011) found that seal display increases trusting beliefs and trusting intentions for individuals with high privacy protection self-efficacy.

Individuals' disposition to trust also has a positive effect on trusting beliefs, which in turn has a strong impact on online purchasing decisions (Kim et al., 2008). In addition, the effect of third-party privacy seals on trust was moderated by individuals' disposition to trust, such that individuals with a low disposition to trust perceived less controllability induced by such trust-building mechanisms (Kim et al. 2008). In terms of value congruence between the trustor and the trustee, Cazier et al. (2007) found a strong effect on both the ability and benevolence dimensions of trust, as well as on consumers' willingness to disclose.

Lastly, twelve papers from the dataset did not explicitly mention any trust-building factors (e.g., Posey et al., 2010; Kim et al., 2016; Grosso et al., 2020). Since they measured trust as a general tendency, those papers are also categorized as dispositional trust. For example, Bright et al. (2021) investigated trust as a moderator of the effect of privacy concerns on social media engagement. They found that when users have generally high trust in social media platforms, social media engagement is more likely to increase despite privacy concerns. Still in a social media context, Chen et al. (2021) assert that both, trust in a social networking site and in its members, negatively affect perceived cyber attack exposure which in turn led to lower privacy breach concerns. Urbonavicius et al. (2021) add that trust-generating reciprocal exchange (i.e., social media involvement) leads to trust in another type of exchange (i.e., negotiated exchange/ e-commerce) and increases consumers' willingness to disclose. Apart from this effect, they found a second indirect effect of trust on the willingness to disclose via perceived regulatory effectiveness. Interestingly, the same is true for paranoia (i.e., distrust), which also positively influences social media involvement, perceived regulatory effectiveness and perceived lack of control. The authors explain this effect by arguing that people distrusting others might look for support in the regulations of legal bodies (Urbonavicius et al., 2021).

In an e-commerce context, Pappas (2018) claims that both, trust and happiness need to be present to explain online purchase intentions. However, this is only true for individuals with little prior experience. High experience may help individuals overcome low trust or negative emotions. While the study by George (2004) posits that the general trustworthiness of the internet is more important than concerns over the unauthorized use of personal data in determining attitudes towards online purchasing, Kehr et al. (2015) found that a situation-specific risk-benefit assessment dominates pre-existing general trust beliefs.

### **2.4.3 Post-Disclosure Trust**

While the pre-disclosure perspective on trust in the context of data disclosure decisions reflects a rather static view of trust as either a personal characteristic or as an ad-hoc belief that is formed based on certain factors and later held constant, some research has started to evaluate trust from a process-perspective in which the repeated interactions between the trustor and the trustee lead to trust formation (Urban et al., 2009). In other words, the initial level of trust is either confirmed or disconfirmed after a data disclosure has taken place. This feedback loop of trust allows for continuous adaptation of consumers' trusting beliefs.

In line with this view, seven studies from the final dataset have considered trust at the post-disclosure stage, thus also taking into account how a (previous) data disclosure experience itself may, in turn, shape consumers' trusting beliefs (e.g., Bansal & Zahedi, 2015; Martin, 2018; 2020). With the exception of Bansal et al. (2010) and Bansal et al. (2016), who investigated the effect of prior positive experiences with a particular website on trust formation, all of the other studies considering the post-disclosure stage have looked at failed data disclosure experiences, such as privacy invasions (e.g., Bansal & Zahedi, 2015) or data breaches (Martin et al., 2017). They found that those negative experiences with data disclosure either directly decrease trust (Mosteller & Poddar, 2017; Martin, 2020) or indirectly decrease trust via an increase in consumers' privacy concerns (Okazaki et al., 2009) or risk perceptions (Bansal et al., 2010). When consumers have an a priori reason to be

distrustful, this also led to the bulletproof glass effect being attenuated (Brough et al., 2022). In other words, unintended consequences of privacy notices, such as increased feelings of vulnerability and decreasing trust, did not occur. In contrast, Schoenbachler & Gordon (2002) did not find any effect of past experiences with a company on trust in that particular organization across industries.

### *Situational Factors*

In terms of the modality of the negative disclosure experience, the sharing of personal information with third parties and the secondary use of information are considered equally violating (Martin, 2020) or even more violating than external threats, such as hacking (Bansal & Gefen, 2015). Even the mere access to personal data causes feelings of violation and reduces trust (Martin et al., 2017). Martin et al. (2017) further claim that there are spillover vulnerabilities from rival firms' breaches and that the severity of those breaches hurts the focal firm but helps the rival firm. Moreover, Martin (2018) asserts that firms that violate consumers' privacy expectations are penalized twice: first through the direct negative impact on trust and second through the diminishing importance of trust factors like integrity or ability which are potential mechanisms to rebuild trust after a privacy violation.

In terms of mitigating factors, Martin et al. (2017) proposed transparency and control mechanisms as a preliminary means to limit feelings of violation and enhance trust. In contrast, Bansal & Zahedi (2015) have looked at the extent of a firm's response (i.e., none, denial or apology) after a privacy violation has happened. Their findings suggest that apology is a universally effective response, although its reparative power was higher for hacking than for unauthorized sharing. In contrast, denial only had some reparative impact in the case of hacking.

### *Dispositional Factors*

Similar to pre-disclosure trust, general privacy concerns and risk beliefs have also been found to be associated with post-disclosure trust by five papers (e.g., Bansal et al., 2010;

Martin, 2018; Okazaki et al., 2009). For example, Mosteller & Poddar (2017) found that a privacy violation experience lowers trust in social media websites and increases privacy concerns, which in turn increases privacy protection behaviors. Similarly, Okazaki et al. (2009) found a positive effect of previous privacy violations on privacy concerns, which in turn negatively impacted trust. According to Martin (2018), consumers with greater privacy concerns place greater emphasis on privacy violations in forming trusting beliefs. In terms of post-disclosure trust repair, an individual's privacy concerns also play an important role: when the company could have controlled the violation (e.g., in the case of unauthorized sharing), individuals with a high level of privacy concerns will be less willing to trust again (Bansal & Zahedi, 2015). In contrast, in the case of hacking, privacy concerns had no significant effect on repaired trust (Bansal & Zahedi, 2015). Furthermore, in terms of the firm's response strategy, the same authors found that for unauthorized sharing, denial was as effective as apology for individuals with low privacy concerns and as damaging as no response for participants with high privacy concerns.

Lastly, Martin (2018) has investigated technological experience as a dispositional factor associated with post-disclosure trust. The author found that consumers with more technological experience place greater weight on privacy violations in forming trusting beliefs.

#### **2.4.4 Affect-Based vs. Cognition-Based Trust**

Drawing on general data disclosure literature, another lens through which one could analyze the dataset at hand is the differentiation between the cognitive and the affective routes to trust formation. Whereas the cognitive route to trust formation encompasses a knowledge-based reasoning process, incorporating all available information to derive a rational estimate of a trustee's trustworthiness, the affective route describes an attitude of optimism based on emotions or feelings toward the trustee (McAllister, 1995; Johnson & Grayson, 2005).



Nine papers from the dataset have explicitly mentioned at least one of those trust-building mechanisms. While eight papers compare and contrast both trust-building routes, Martin et al. (2017) focus explicitly on cognitive trust only. Yet, one could argue that they, too, consider a parallel affect-based route for the effect of a data breach on behavioral outcomes by including a measure of emotional violation. Thus, while there seems to be general agreement on the duality of cognitive and affective trust-building mechanisms, various models are proposed in terms of the processing order. For example, Aiken & Boush (2006) found that the presence of a trustmark initially influences specific beliefs about privacy and security (i.e., affect-based trust), which in turn influence general beliefs about firm trustworthiness (i.e., cognition-based trust). Both, affect-based and cognition-based trust then influence consumers' willingness to disclose personal data online (i.e., conative trust). In line with those findings, Wakefield (2013) also suggests that positive or negative affect may act like a cue in influencing (cognitive) trust in an unfamiliar online vendor. In contrast, Esmailzadeh (2020) found that the perceived transparency of a privacy notice first positively influences cognition-based trust (i.e., competence and integrity beliefs), which only subsequently affects emotional trust. Lastly, Martin et al. (2017) proposed cognition-based trust and emotional violation as parallel mediators.

The four remaining papers did not explicitly address processing order. Instead, they focused on comparing different cognition- or affect-inducing factors. For example, both Kim (2008) and Bansal et al. (2015) compared cognition-based trust antecedents (i.e., central cues), such as information quality, and affect-based trust antecedents (i.e., peripheral cues), such as reputation. Interestingly, Brough et al. (2022) found that when benevolence cues (i.e., affectively processed) are added to privacy notices containing predominantly ability cues (i.e., cognitively processed), unintended consequences, such as feelings of vulnerability, can be attenuated or even reversed. Lastly, and in contrast to the previous claim of duality, Shih et al. (2017) claim that while cognition-based trust positively influences the intention to disclose,

affect-based trust does not. The authors explain those findings by arguing that in a social media context, utilitarian value may be a priority for motivating contributors. On the other hand, benevolence-based trust (i.e., affect-based trust) may not be able to increase consumers' confidence in control over privacy risks (Shih et al., 2017).

## 2.5 Discussion

This systematic literature review aimed at synthesizing the extant literature on trust in the context of online data disclosure decisions. Based on insights from the literature on data disclosure decisions in general, the final dataset, consisting of 63 research papers, was analyzed along three main trajectories: pre- vs. post-disclosure trust, situational vs. dispositional trust and cognition-based vs. affect-based trust. In doing so, Essay 1 aimed at identifying trust-building factors proposed by the extant literature, as well as the underlying trust-building mechanisms. In addition, by considering both, the pre- and post-disclosure stages, this essay yields a comprehensive understanding of the role of trust in privacy-related decision-making.

In sum, the results show that the extant literature on trust in the data disclosure context has largely focused on trust as an antecedent to data disclosure based on either dispositional or situational factors. While seven papers from the dataset have focused on post-disclosure trust, this imbalance shows that trust seems to be understood as a static trait or belief, rather than as a process shaped by repeated interactions and experiences. Moreover, although nine papers under review have explicitly differentiated between cognition- and affect-based trust-building mechanisms, the majority of studies view trust at an aggregate level (e.g., as a counterweight to risk beliefs within the privacy calculus). This is in line with the overall literature on data disclosure decisions, where affect has long played only a subordinate role in explaining decision-making processes (Kehr et al., 2015).

Hence, while trust seems to be generally recognized as playing a key role in the context of online data disclosure decisions, some important facets remain under-researched. In

order to facilitate future research in this area, some future research directions are outlined in the section below.

### **2.5.1 Future Research Directions**

First of all, the literature review yielded valuable insights into what factors drive pre-disclosure trust; for example, presenting consumers with privacy assurances, such as privacy seals or privacy notices, was found to positively affect trusting beliefs. However, literature on trust factors influencing post-disclosure trust remains scarce. While the studies reviewed here have investigated the effect of privacy violations and/or data breaches themselves on post-disclosure trusting beliefs (e.g., Martin, 2020), future research should aim to identify additional influencing factors. In addition, it would be interesting to find out how certain factors presented prior to the data disclosure decision affect post-disclosure trust levels. For example, will the decline in trust following a privacy violation experience be attenuated/aggravated by the pre-disclosure presence of a privacy notice?

Second, in favor of a more process-related view of trust in the context of data disclosure decisions, post-disclosure trust levels should also be investigated for positive disclosure experiences. Within the dataset, only two research papers have looked at the effect of prior positive experiences on consumers' trust levels (Bansal et al., 2010; Bansal et al., 2016). In addition, all of the studies under review were based on cross-sectional data, while longitudinal data would be needed to further enrich extant insights.

Third, another research direction deserving scholarly attention would be to focus on different outcomes within the context of online data disclosure. While the studies reviewed here included several different outcome variables, such as the willingness to disclose personal data, the willingness to purchase online, or the willingness to use location-based services (with the latter two also implying data disclosure), only three studies from the dataset have considered alternative dependent variables, like falsifying or withholding data (Bandara et al., 2021; Martin et al., 2017; Miltgen & Smith, 2019). Insights into what amount of the data

disclosed may in fact be falsified and what drives these protective behaviors would enhance extant research on privacy-related decision-making and prove useful for marketers' strategic choices.

Fourth, with the exception of Urbonavicius et al. (2021), very little research has focused specifically on distrust, despite the fact that it has been identified as a separate influencing factor with unequal effects on consumers' intentions in the online environment (McKnight & Choudhury, 2006). Analyzing the differential effects of both, trust and distrust, on consumers' data disclosure decisions would therefore potentially yield greater explanatory power than extant research models and further our understanding of consumers' privacy-related decision-making.

Lastly, this literature review has shown that research attention to affect-based trust-building mechanisms remains scarce. Only eight papers from the dataset have considered an affective route to trust formation. While this is in line with the overall literature on online data disclosure decisions, some authors have started to acknowledge the role of affect and dual-processing decision-making models (e.g., Kehr et al., 2015; Wakefield, 2013). At the same time, considering the downsides of using trust that is purely based on affect/feelings would be a highly interesting research endeavor, especially in conjunction with the afore-mentioned conceptualization of post-disclosure trust. Relying only on affect-based trust and circumventing effortful cognitive processing might lead consumers to feel tricked and experience regret after the data disclosure (Costante et al., 2015), which might in turn negatively affect post-disclosure trusting beliefs.

### **2.5.2 Theoretical Implications**

This study offers three important theoretical contributions to extant research on online data disclosure decisions. First, this study synthesizes extant findings on the role of trust in both, pre-disclosure and post-disclosure contexts. While the majority of studies focuses on trust as an antecedent to data disclosure, the aggregated empirical evidence from the papers

reviewed in this essay suggests that the data disclosure experience itself may also influence consumers' (post-disclosure) trust levels. Identifying this dual role of trust as an antecedent and as an outcome of data disclosure promotes a more holistic understanding of trust in the data disclosure context and reveals interesting avenues for future research.

Second, this study provides a comprehensive overview of different trust-building factors and trust-building mechanisms identified in the extant literature. By differentiating between situational and dispositional factors, and sub-dividing the results section according to different factors within those categories, this study helps researchers to gain a basic understanding of the dynamics within this field of research. It helps them understand what antecedents to trust have been tested and what alternative antecedents could possibly be used in future research. Moreover, this study reveals an array of conflicting findings, which allows for identifying the most persistent problems and formulating future research questions accordingly. Especially with regard to both, affect-based trust and post-disclosure trust, this study identifies important research gaps that warrant future research efforts.

Lastly, we identify directions for future research that will facilitate fellow scholars' further exploration of the insights generated from this literature review and allow them to advance the field (Snyder, 2019). For example, since most papers have captured trust as a static trait or belief at a single moment in time, rather than as a dynamic process shaped by repeated interactions and experiences, a longitudinal study could be an interesting future research endeavor.

### **2.5.3 Practical Implications**

As evidenced by the insights from this literature review, trust is crucial for successful consumer data generation. Many firms have already understood the importance of building digital trust for continued success (Boehm et al., 2022). Yet, in order to truly benefit from trust between a firm and its consumers, marketers must understand which trust-building factors and trust-building mechanisms are suitable for their respective contexts and customer

segments. They can build on the above results to gain a comprehensive overview of different trust-building factors and mechanisms and derive a trust-building strategy that incorporates both, pre-disclosure and post-disclosure stages. Judging by the number of papers published, the use of privacy assurances as well as building a positive firm reputation are consistently perceived as important criteria for trust in online data disclosure contexts. Moreover, this essay underlines the importance of knowing your customers, as dispositional factors, too, play a key role in determining individuals' trusting beliefs. I would therefore advise firms to optimize their customer segmentation according to these dispositional factors and to tailor their trust-building efforts accordingly.

#### **2.5.4 Limitations**

Some limitations of the current study need to be noted. First, this study was aimed at understanding the role of trust in online data disclosure decisions. For the purpose of generalizability, the scope of the analysis was further limited to interpersonal (i.e., social media) and organizational (i.e., e-commerce) contexts, thus excluding research on short-term phenomena, like COVID-19, as well as data disclosure to governmental bodies.

Second, this study is limited to peer-reviewed journal articles ranked 3\* or above according to the Academic Journal Guide 2021 and published in the year 2000 or later. While it should be acknowledged that no literature review can be fully exhaustive (Hulland & Houston, 2020), the exclusion criteria selected may certainly limit the insights. In addition, despite following rigorous procedures, the decision to include a paper in the final dataset remains to some extent subjective.

#### **2.6 Conclusion**

With trust being a central means to overcome consumers' online privacy concerns, it is important for firms to understand what factors help building trust and what are the psychological mechanisms behind them, in order to win the battle for privacy. By means of synthesizing the extant literature on online data disclosure decisions involving trust, this essay

identifies a comprehensive list of trust-building factors that were categorized along three different trajectories: pre- vs. post-disclosure trust, situational vs. dispositional trust and affect-based vs. cognition-based trust. In addition, I derive potential future research directions that will aid researchers in identifying new research opportunities.

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2.8 Appendix

Appendix A

Literature Summary Table

Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
Aiken & Boush (2006)	1. third-party certification 2. objective source rating 3. implication of investment in advertising	1. internet experience	pre-disclosure	both	- The trust mark has the greatest effect on perceived trustworthiness. - The relationship between internet experience and trust is in the form of an inverted U.
Aljukhadar et al. (2010)	1. media richness of privacy disclosure 2. e-store social presence	none	pre-disclosure	none	- The availability of a privacy disclosure as well as its level of media richness positively influence trust by enhancing social presence. - Trust influences online purchase intentions indirectly by attenuating perceived risk.
Bandara et al. (2020)	none	1. perceived corporate privacy responsibility 2. perceived regulatory protection	pre-disclosure	none	- Both, perceived corporate privacy responsibility and perceived regulatory protection, have a positive effect on trust. - Trust negatively affects privacy concerns and defensive behaviors.
Bansal et al. (2015)	1. privacy policy statements 2. privacy assurance website cues	1. privacy concerns	pre-disclosure	both	- Individuals with high privacy concerns rely more on the central route for trust formation, whereas individuals with low privacy concerns rely more on the peripheral route.
Bansal & Zahedi (2015)	1. perceived seriousness of violation 2. extent of company response	1. privacy concerns	post-disclosure	none	- Violation type moderates the process of trust violation and repair. - The extent of company response has

Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
	3. type of privacy violation				a positive impact on repaired trust for both violation types, but the impact is higher for hacking.
Bansal et al. (2016)	1. context sensitivity	1. privacy concerns 2. personality traits 3. prior positive experience	pre-disclosure	none	- Context sensitivity, individuals' personality types and privacy concerns are critical factors impacting trust and the willingness to disclose personal information.
Bansal et al. (2010)	none	1. risk beliefs 2. prior positive experience 3. previous online privacy invasion	both	none	- Individuals' intention to disclose health information online depends on their trust, privacy concerns, and information sensitivity. - A previous privacy invasion increases the awareness and perception of risk, which, in turn, negatively influences trust.
Bart et al. (2005)	1. website characteristics 2. website categories	1. consumer characteristics	pre-disclosure	none	- Online trust partially mediates the effect of website and consumer characteristics on behavioral intent.
Belanger et al. (2002)	1. security features 2. privacy seals 3. security seals 4. privacy statements	none	pre-disclosure	none	- The presence of security features was most important to the consumer.
Bol et al. (2018)	1. personalized communication 2. context	none	pre-disclosure	none	- When people were confronted with personalized communication, they trusted online companies slightly less. - Personalized communication had no such effect in the health context.
Bright et al. (2021)	none	none	pre-disclosure	none	- Social media trust moderates the effect of privacy concern on



Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
					social media engagement.
Brough et al. (2022)	1. privacy notices	1. a-priori reason to be distrustful	pre-disclosure	both	- Privacy notices can have a ‘bulletproof glass effect’ by increasing feelings of vulnerability and undermining consumer trust. - This effect is attenuated if consumers have an a priori reason to be distrustful.
Cazier et al. (2007)	none	1. value congruence	pre-disclosure	none	- Value congruence not only plays a role in mediating the trust of consumers for the organizations, but it also has a strong effect on determining their willingness to disclose personal information.
Chang et al. (2018)	1. perceived effectiveness of privacy policy 2. privacy control	none	pre-disclosure	none	- Perceived effectiveness of a privacy policy significantly influences perceived privacy control which in turn influences trust.
Chen et al. (2021)	none	none	pre-disclosure	none	- The effects of trust in SNS members and trust in SNS on privacy breach concern are mediated by perceived cyber-attack exposure.
Chin et al. (2020)	none	1. privacy concerns 2. perceived security of MPS 3. familiarity with MPS	pre-disclosure	none	- Perceived benefit and perceived trust are the most important influences on the intention to use mobile payment systems. -Privacy concerns negatively affect trust, whereas security and familiarity positively affect trust.
Dinev & Hart (2006)	none	perceived internet privacy risk	pre-disclosure	none	- The cumulative influence of internet trust and personal

Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
					internet interest are important factors that can outweigh privacy risk perceptions in the decision to disclose personal information.
Eastlick et al. (2006)	1. reputation 2. information choice strategy	1. privacy concerns	pre-disclosure	None	- A strong reputation fosters trust, which in turn increases commitment and purchase intent. - Consumers' privacy concerns negatively affect their trust in a services e-tailer.
Esmailzadeh (2006)	1. perceived transparency of privacy policy	none	pre-disclosure	both	- The perceived transparency of the privacy policy increases cognitive trust in the HIE's competence and integrity which in turn positively affects emotional trust. - Emotional trust in turn positively influences the willingness to disclose health information.
Evans et al. (2022)	none	1. general beliefs about the GDPR	pre-disclosure	none	- Organizational trust and data transparency did not have a significant effect on privacy concerns.
Fox & James (2020)	none	1. health information privacy concerns	pre-disclosure	none	- There is no significant relationship between trust in the healthcare provider and health information privacy concerns. - Increased trust in technology vendors was associated with lower health information privacy concerns.
George (2004)	none	none	pre-disclosure	none	- The trustworthiness of the internet is more important than concerns over the unauthorized use of personal data provided to third parties for

Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
					shaping attitudes toward online purchasing
Grosso et al. (2020)	none	none	pre-disclosure	none	- Trust influences consumers' disclosure intentions via three different micro- and macro-level trust mechanisms.
Hu et al. (2010)	1. web assurance seals	none	pre-disclosure		- Web assurance seals with multiple functions are not necessarily more effective than single-function seals in enhancing consumers' initial online trust.
Kehr et al. (2015)	none	none	pre-disclosure	none	- A situation-specific assessment of risks and benefits fully mediates the effect of dispositional factors on information disclosure.
Keith et al. (2015)	1. structural assurances	1. mobile computing self-efficacy 2. coping efforts	pre-disclosure	none	- Being skilled in the latest smartphones and apps can cause users to place greater trust in app providers and perceive less risk. - Higher levels of self-efficacy reduced the impact of structural assurances on trust.
Kim & Kim (2011)	1. third-party certification 2. perceived privacy empowerment 3. purchase decision involvement	1. disposition to trust 2. privacy protection self-efficacy	pre-disclosure	none	- The effect of seal presence on trusting beliefs were mediated by perceived privacy empowerment. -Purchase decision involvement, disposition to trust and privacy protection self-efficacy moderate the seal effects.
Kim (2008)	1. self-perception- based factors 2. transference-based factors	none	pre-disclosure	none	- Transference-based trust determinants are more positively related to consumer trust in collectivist versus individualistic cultures.

Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
Kim et al. (2008)	1. cognition-based factors 2. affect-based factors	1. experience-based factors 2. personality-based factors	pre-disclosure	both	- A consumer's trust directly and indirectly (via perceived risks) affects his/her purchasing intention. - All of the cognition-based and affect-based trust antecedents except third-party seals had a strong positive effect on trust.
Kim et al. (2016)	none	none	pre-disclosure	none	- Consumers' trust has a positive effect on transaction intention and a negative effect on perceived concerns. - There is no moderating effect of national culture.
Krasnova et al. (2010)	1. perceived control	none	pre-disclosure	none	- Perceived control has a positive effect on both, trust in the provider and trust in other members. - Users' risk perceptions can be mitigated by their trust in the provider and availability of control options, but not by their trust in other members.
Lwin et al. (2016)	1. reputation 2. communication quality	none	pre-disclosure	none	- Trust mediates the effect of reputation and communication quality on promotion-focused behaviors.
Malhotra et al. (2004)	1. information type	1. internet users' information privacy concerns	pre-disclosure	none	- The effect of IUIPC on the intention to disclose personal information is fully mediated by trusting beliefs and risk beliefs.
Martin (2020)	1. privacy violation	none	post-disclosure	none	- Consumers retain privacy expectations after disclosing information and judge the sharing of information with third parties and the secondary use of

Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
					information to be a violation of trust.
Martin (2018)	1. privacy violation	1. concern about / valuation of privacy 2. technological experience	post-disclosure	none	- Firms that violate privacy expectations are penalized twice: (1) direct negative impact on trust (2) negative effect on the importance of trust factors such as integrity and ability.
Martin et al. (2017)	1. data vulnerability (access, breach, manifest) 2. transparency 3. control	none	post-disclosure	cognitive trust	- The negative effect of perceived vulnerability on falsifying is mediated by cognitive trust and violation. - Transparency and control work synergistically to mitigate feelings of violation and enhance trust.
Mattison Thompson & Siamagka (2022)	1. organizational privacy ethical care 2. interaction type	none	pre-disclosure	none	- Perceived privacy ethical care positively affects the amount and accuracy of information consumers are willing to share. - This effect is mediated by perceived information control and trust towards the focal firm.
McCole et al. (2010)	1. privacy and security concerns (transaction-specific)	none	pre-disclosure	none	- The relationship between trust in a vendor and purchasing attitude is positive but increases when people have higher concerns. Conversely, the relationship between trust in the internet and purchasing attitude decreases.
Metzger (2004)	1. perceived website privacy protection 2. regard for company	1. privacy concerns	pre-disclosure	none	- Perceived website privacy protection and regard for a company have a positive effect on trust and an indirect effect (via trust) on disclosure.

Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
					- Concern for online privacy negatively predicts trust of a website.
Midha (2012)	1. privacy empowerment	1. privacy concerns 2. gender	pre-disclosure	none	- Consumer privacy empowerment has a stronger positive effect on trust for males than for females. - Privacy concerns have a stronger negative impact on trust for females than for males.
Milne & Culnan (2004)	1. privacy notice comprehension 2. using alternatives to reading privacy notices 3. reading privacy notices	1. privacy concerns 2. demographics 3. privacy protection experience	pre-disclosure	none	- Trust of online privacy notices is positively associated with a tendency to read privacy notices. - Perceived comprehension and use of alternatives to reading is positively associated with trust of privacy notices.
Miltgen & Smith (2019)	1. perceived relevance 2. amount of data requested 3. incentive (pecuniary vs. non-pecuniary)	none	pre-disclosure	none	- Higher levels of trust are associated with lower levels of withholding and falsification. - This effect is dependent on the type of incentive and on the amount of data requested.
Miyazaki (2008)	1. cookie usage 2. cookie disclosure	1. online experience 2. desire for privacy	pre-disclosure	none	- The detection of cookie use contributes to a decrease in consumer trust. - This effect is moderated by a priori disclosure, online experience and desire for privacy.
Mosteller & Poddar (2017)	none	1. privacy violation experience 2. perceived secondary control	both	none	- Trust in social media websites and privacy concerns mediate consumers' social media-related promotion behaviors and privacy protection behaviors,

Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
					respectively.
Mutimukwe et al. (2020)	none	1. perceived privacy risks 2. perceived privacy control 3. perceived effectiveness of privacy policies 4. perceived effectiveness of organizational self-regulation	pre-disclosure	none	- The perceived effectiveness of an organization's privacy policy affects individuals' trusting beliefs, non-self-disclosure behavior and privacy control perceptions for all service types. - Privacy risks reduce trust in e-government, but not in e-commerce and social media.
Okazaki et al. (2009)	1. sensitivity of information request 2. perceived ubiquity	1. prior negative experience	both	none	- Prior negative experiences increase users' information privacy concerns which in turn decrease trust in mobile advertising. - Both perceived ubiquity and sensitivity of the information request further the negative impact of privacy concerns on trust.
Ozdemir et al. (2017)	none	1. risk perceptions	pre-disclosure	none	- Higher perceptions of risk are associated with lower perceptions of trust. - A higher level of trust toward peers is related to a higher level of information disclosure in the peer context.
Pan & Zinkhan (2006)	1. privacy policy	none	pre-disclosure	none	- Consumers respond more favorably to a shopping site with a clearly stated privacy policy than to one without it, especially when privacy risk is high.
Pappas (2018)	none	none	pre-disclosure	none	- Trust, privacy, emotions, and experience combine to form different configurations that can explain online

Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
					purchase intentions in personalized service settings.
Posey et al. (2010)	none	none	pre-disclosure	none	- Positive social influence, reciprocity and online community trust increase self-disclosure, whereas privacy risk beliefs decrease self-disclosure.
Premazzi et al. (2010)	1. incentives	none	pre-disclosure	none	- Subjects did not claim to be more willing to provide information in the presence of incentives, but were, in fact, more inclined to do so. - When trust is already high, monetary compensation results in lower information disclosure.
Ray et al. (2011)	1. perceived security control	1. perceived security control	pre-disclosure	none	- Rather than being guided by their predispositions, users mainly assess security control based on cues. - Perceived security control has a positive effect on users' trust in vendors.
Rohm & Milne (2004)	none	none	pre-disclosure	none	- Instances in which highly sensitive information is collected or shared by organizations that consumers do not trust will lead to greater levels of consumer concern and perceived risk when disclosing personal information.
Schoenbachler & Gordon (2002)	1. risk perception 2. credibility 3. reputation 4. perceived dependability	1. past experience	pre-disclosure	none	- Reputation and perceptions of dependability are positively related to trust. - Trust in a company positively influences consumers' willingness to provide



Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
					information to that company.
Shih et al. (2017)	1. cognitive social identity 2. affective social identity 3. evaluative social identity	none	pre-disclosure	both	- Social identity indirectly affects online self-disclosure intention via constraint-based and dedication-based relationships. - Cognitive trust positively influences self-disclosure intention, whereas affective trust does not.
Stanaland et al. (2011)	1. privacy trust marks	1. desire for privacy 2. advertising attitude	pre-disclosure	none	- A privacy trust mark can enhance the perceived ethics of an online advertiser for certain market segments.
Suh & Han (2003)	1. perceived security control	none	pre-disclosure	none	- Perceptions of nonrepudiation, privacy protection, and data integrity have a significant impact on trust in e-commerce, whereas the perceived strength of confidentiality and authentication do not.
Urbonavicius et al. (2021)	none	none	pre-disclosure	none	- Trust-generating reciprocal exchange increases the trust in negotiated exchange and increases the willingness to disclose personal data there.
Wakefield (2013)	1. affect 2. website privacy beliefs	1. internet security beliefs	pre-disclosure	both	- Positive affect has a positive effect on users' website trust and privacy beliefs that motivate online information disclosure. - This effect is more pronounced for users with high internet security concerns.
Wang et al. (2004)	1. seals of approval 2. return policy	none	pre-disclosure	none	- Security disclosures and awards from neutral sources enhance trust which in

Authors	Situational Trust Factors	Dispositional Trust Factors	Decision Stage	Affect/ Cognition	Key Findings
	3. awards from neutral sources 4. security disclosure 5. privacy disclosures				turn positively influences the willingness to provide personal information.
Zalmanson et al. (2022)	1. social cues	none	pre-disclosure	none	- The presence of social cues on a website indirectly affects users' likelihood of disclosing private information to that website by enhancing users' social perceptions of the website.
Zhou (2015)	1. ubiquitous connection 2. contextual offering	1. privacy concerns	pre-disclosure	none	- Ubiquitous connection and contextual offering positively affect perceived usefulness and trust. - Trust, perceived usefulness and perceived risk predict user adoption and usage behavior.
Zimmer et al. (2010)	none	none	pre-disclosure	none	- Creating a reciprocal relationship between a website and a user helps individuals build trust which in turn increases intentions to disclose.

### **3. Essay 2: Attracting or Repelling: The Effect of Privacy Assurance Appeals on Consumers' Decision to Enter the Data Disclosure Process**

Lea Postel, Jan H. Schumann, Thomas Widjaja

*As consumer data are a valuable resource, firms try to encourage data disclosure by using privacy assurance appeals. However, before actually disclosing personal data, consumers first need to enter the data disclosure process. This results in the managerial question of when privacy assurance appeals are most effective: before entering or during the data disclosure process. Although recent studies have emphasized the role of affective processing in privacy-related decision-making, extant research primarily explains the effect of such appeals through a cognitive processing route. Two online scenario experiments ( $n = 116$ ,  $n = 140$ ) and one field experiment ( $n = 1,054$ ) across different contexts show that privacy assurance appeals increase consumers' willingness to enter the data disclosure process and that this effect is driven by affective processing. These findings contribute to extant knowledge on the psychological processes underlying privacy-related decision-making and provide managerial advice on designing more effective data disclosure processes.*

**Keywords:** *Privacy Assurance, Data Disclosure, Decision-Making, Affect, Cognition, Dual Processing*

### 3.1 Introduction

With targeted marketing and personalization efforts on the rise, disclosing personal data to companies has become a fundamental part of the online consumer experience. Whereas firms now potentially have access to multiple data sources, active consumer data disclosure, for example, by means of creating customer profiles or participating in surveys, is still an important data source that allows insights beyond transactional information (Krafft et al., 2021).

To obtain such data, a first critical hurdle for firms is to motivate consumers *to enter the data disclosure process*. This is a crucial first step before the decision *to actually disclose* personal data. However, due to the omnipresence of data collection efforts and accumulating reports of data breaches and identity theft (Paz, 2021; Townsend, 2022), consumers are becoming increasingly worried about firms violating their online privacy (Auxier & Rainie, 2019). At the same time, more restrictive data protection legislation, such as the EU General Data Protection Regulation (GDPR), requires firms to inform consumers in more detail about their data-handling practices. While privacy assurance appeals (i.e., information that provides consumers with guarantees that their personal data will be protected and kept private; Lowry et al., 2012) are among the most prominent mechanisms used to encourage consumer data disclosure (Bansal et al., 2015), firms need to decide where to position those appeals in order to attract consumers to (instead of repel them from) data disclosure. On the one hand, employing privacy assurance appeals as part of the data disclosure request prior to entering the process could attract more consumers because they will feel more informed about a firm's data handling practices. On the other hand, it could backfire by making privacy-related issues too salient early on in the decision-making process.

Although the extant literature has advanced our knowledge of data disclosure decisions considerably (e.g., Kolotylo-Kulkarni et al., 2021; Martin & Palmatier, 2020), most research is premised on two (often implicit) assumptions: First, the majority of studies assume

a single-stage data disclosure decision process, and second, most existing studies assume that privacy assurance appeals are processed cognitively by providing relevant information to rational decision-makers.

Regarding the first assumption (i.e., the focus on a single-stage process), this lack of differentiation between the two decision stages makes it difficult to draw on previous insights regarding the effect of privacy assurance appeals on the willingness to enter the data disclosure process. Since the decision to enter is less critical to a consumer's privacy than the decision to actually disclose information, the underlying decision-making mechanisms may differ along with stage-specific information needs (Kehr et al., 2015; O'Brien, 1971).

The second assumption (i.e., the reliance on purely cognitive processes to explain the effect of privacy assurance appeals on data disclosure decisions) implies that consumers are rational agents who engage in effortful, deliberate processing of all available information to arrive at the best possible decision (Dinev et al., 2013). However, in reality, individuals often need to make privacy-related decisions spontaneously, under time pressure, and without all the necessary information available to them (Acquisti & Grossklags, 2005; Kehr et al., 2015). As a result, these decisions may be based on biased assumptions, heuristics, and cognitive shortcuts (Dinev et al., 2013). For example, several studies have found that affective reactions influence data disclosure decisions by rapidly assigning a positive or negative valence to a given stimulus (Gerlach et al., 2019; Kehr et al., 2015; Wakefield et al., 2013). The affective processing route may be especially relevant in the context of the *decision to enter the data disclosure process* because it is typically characterized by limited time and incomplete information. Instead of the cognitive processing of all privacy-relevant information to rationally decide if and what data to disclose, the initial decision to enter the data disclosure process may be based more on how the data disclosure request makes decision-makers feel. Privacy assurance appeals may thus serve as a rapidly assessable signal for positive or

negative valence when provided as part of the data disclosure request before the decision to enter the process. In sum, our study thus pursues the following research goals:

- 1. Examine the effect of privacy assurance appeals on consumers' willingness to enter the data disclosure process.*
- 2. Delineate the psychological mechanisms underlying this effect through the lens of dual processing theory.*

Two online scenario experiments (n = 116, n = 140) and one field experiment (n = 1,054) across different contexts show that a privacy assurance appeal significantly enhances consumers' willingness to enter the data disclosure process and that the affective processing route drives this effect. These findings make two important theoretical contributions.

First, we advance the extant research on consumers' data disclosure decisions by showing a positive effect of privacy assurance appeals on the decision to enter the process. With the notable exception of Bidler et al. (2020), very few studies have specifically looked at a consumer's willingness to enter the data disclosure process. While their research centers around the question of how the willingness to enter can be enhanced via affectively processed game elements, we aim to understand the effect of providing more cognitive, privacy-relevant information (i.e., privacy assurance appeals) early on in the decision-making process. Our results suggest that decision-makers require a minimum of privacy-relevant information as a prerequisite to enter the data disclosure process. While previous studies (Kolotylo-Kulkarni et al., 2021; Martin & Palmatier, 2020) have predominantly focused on the actual data disclosure decision, we emphasize the decision to enter the data disclosure process as a crucial first step that requires differentiated research attention.

Second, we contribute to the current knowledge on the psychological processes underlying the effect of privacy assurance appeals (Adjerid et al., 2013; Betzing et al., 2020; Karwatzki et al., 2017). Whereas the extant research has almost exclusively looked at privacy assurance appeals in a privacy calculus context (Betzing et al., 2020; Brough et al., 2022;

Keith et al., 2016), our results provide the first evidence for the affective quality of those appeals. Our empirical findings suggest that when presented as part of the data disclosure request before the decision to enter the process, privacy assurance appeals are processed affectively rather than cognitively. Instead of mitigating risk perceptions through the privacy-relevant information they provide, privacy assurance appeals lead to a positive initial affective reaction, which in turn drives the decision to enter the data disclosure process.

From a practical perspective, we provide managers with advice on designing data disclosure requests that build on consumers' susceptibility to privacy assurance appeals during the initial decision to enter the data disclosure process and thus encourage greater overall disclosure by providing privacy-relevant information early in the decision process.

The remainder of this essay is organized as follows. In the next section, we provide an overview of the existing literature on data disclosure decisions and dual processing theory in order to explain the underlying psychological mechanisms during the first decision stage. In the third section, we describe our methodological approach, including our research designs and procedures, before outlining our analyses and results. After discussing our results, the essay closes with a final section on the theoretical and managerial implications, limitations, and potential areas for future research.

## **3.2 Theoretical Background and Hypothesis Development**

### **3.2.1 Decision to Enter the Data Disclosure Process**

While some types of consumer data, such as clickstreams, app usage, or location, may be disclosed passively (i.e., without the involvement or even knowledge of the consumer), a great deal of highly valuable data, such as demographic information, contact details, financial information, or personal preferences/interests needs to be disclosed actively (i.e., intentionally; Bujlow et al., 2017). Active data disclosure is typically solicited by a firm through data disclosure requests containing various types of appeals. The data disclosure decisions that follow these requests typically involve different stages (Bidler et al., 2020; Li et

al., 2011). Individuals move sequentially from a disengaged state via an initial awareness / consideration stage to the final stage of actual data disclosure. In other words, consumers first need to pass through Stage 1, where a first, quick assessment based on the data disclosure request is made, before proceeding to the subsequent actual data disclosure in Stage 2. Stage 1 determines how many consumers enter the data disclosure process and is thus a powerful lever of the overall data disclosure. While decision-makers' preexisting dispositions, such as general privacy concerns or attitudes toward the requesting firm, play an essential role in determining their willingness to enter the data disclosure process (Malhotra et al., 2004), situational factors, such as website characteristics, have been shown to override them (Kehr et al., 2015; Li et al., 2011). Hence, companies may influence individuals' willingness to enter the data disclosure process through the types of appeals they use in their data disclosure requests.

### **3.2.2 Privacy Assurance Appeals**

While data disclosure requests typically contain only basic information on the purpose of data collection (i.e., generic appeal), they may be enhanced by privacy assurance appeals, such as privacy-salient information (Hughes-Roberts, 2015), privacy notices (Brough et al., 2022; Hui et al., 2007), or third-party seals (Hui et al., 2007; Keith et al., 2016). Privacy assurance appeals typically provide rational, fact-based arguments aimed at mitigating risk perceptions by increasing transparency and thus ensuring consumers that their personal data will be protected and kept private (Lowry et al., 2012).

With privacy concerns as one of the most common reasons for consumers to withhold or even falsify their personal data (Lwin et al., 2007; Wirtz et al., 2007), privacy assurance appeals may be a more effective means to mitigate these concerns than generic appeals. By providing additional, transparent information on a firm's data-handling practices, privacy assurance appeals directly address consumers' privacy concerns and may thus serve as a prerequisite for data disclosure. In other words, consumers may require a minimum of



privacy-relevant information to even consider data disclosure. With typically only limited time to decide spontaneously whether or not to enter the data disclosure process, this minimum of privacy-relevant information is especially relevant in the context of the decision to enter the data disclosure process. As a result, companies should use a privacy assurance appeal as part of their data disclosure request in order to increase consumers' willingness to enter the process. Thus, we propose the following hypothesis:

*H1. Presenting consumers with a privacy assurance appeal compared to a generic appeal will increase their willingness to enter the data disclosure process.*

### **3.2.3 Dual Processing Theory**

To explain the underlying psychological processes of the decision to enter the data disclosure process, we draw on dual processing theory (Chaiken, 1980; Evans & Stanovich, 2013). Dual processing theory assumes that decisions are made based on two separate but interacting processing routes: (1) cognitive processing that is slow, deliberate, and conscious and (2) affective processing that is fast, automatic, and unconscious (Evans, 2008; Evans & Stanovich, 2013). While the cognitive processing route causes decision-makers to be persuaded primarily by the informational message, that is, by the rational arguments presented in favor of or against data disclosure, the affective processing route is based on less effortful processing, in which subjects rely on easily processable cues or on the "likeability of or affinity toward the endorser, rather than on the quality of the arguments" (Bhattacharjee & Sanford, 2006, p. 808).

Due to the omnipresence of data disclosure decisions in everyday life, several researchers have acknowledged that decision-makers often have only limited time and incomplete access to all relevant information for a cognitive analysis (Acquisti & Grossklags, 2005; Kehr et al., 2015). This is particularly true for the decision to enter a data disclosure process because it usually needs to be made quite fast and spontaneously. As a result, these decisions are likely rationally bounded, relying on simplified psychological processes, such as

affect, rather than on deliberate cognitive analysis. In line with the affective primacy hypothesis (Zajonc, 1980), the so-called affect heuristic also suggests that affective processing occurs as the first valence assessment of a given stimulus before a subsequent cognitive analysis is performed (Finucane et al., 2000; Slovic et al., 2007). Similarly, Kehr et al. (2015) suggested that the role of affect in data disclosure decisions increases with lower salience and immediacy of the associated risks, implying that the decision to enter the process may generally be processed affectively because the risks associated with the actual data disclosure are not yet relevant. Thus, we propose the following hypotheses:

**H2.** *There will be (a) an indirect effect of the privacy assurance appeal on consumers' decisions to enter the data disclosure process, such that, (b) compared to a generic appeal, a privacy assurance appeal will increase the affective processing of the consumers, which, in turn, (c) will increase the willingness of consumers to enter the process.*

### 3.3 Methodology

Study 1a (n = 116) was an online scenario experiment in an insurance context that examined the effect of privacy assurance appeals on the decision to enter the data disclosure process, as suggested by H1. Study 1b (n = 1,054) was a field experiment with a global insurance company, which we conducted to replicate the findings from Study 1a and to establish their external validity. Lastly, Study 2 (n = 140) was an online scenario experiment in a fashion retail context that examined the underlying psychological mechanisms through the lens of dual-processing theory, as proposed by H2. All hypotheses are illustrated in the research model presented in Figure 3.1.

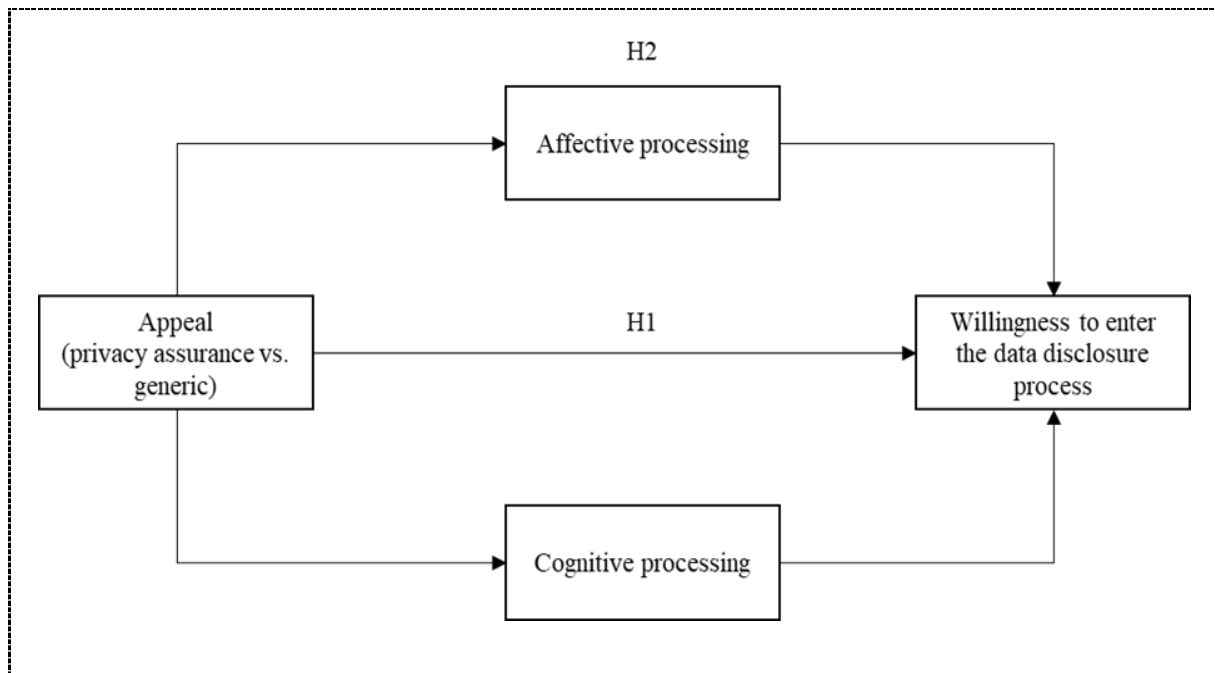


Figure 3.1 Research model.

### 3.3.1 Study 1a

#### *Data collection, sample, and measures*

We obtained the cooperation of a global insurance company to design and implement a 2 x 1 between-subjects online scenario experiment among its customers, investigating whether willingness to enter the data disclosure process increases for a privacy assurance appeal compared to a generic appeal.<sup>1</sup> The study compared two groups that were presented with either a privacy assurance appeal or a generic appeal as part of a data disclosure request. The participants were asked to imagine that they had received a letter from their insurance company asking them to complete their customer profiles online. The letter (i.e., the data disclosure request) further explained that, in order to do so, it was necessary to scan a QR code, which would then forward the participants to their online customer profile. Scanning the QR code thus reflected the willingness of the participants to enter the data disclosure process. This procedure was based on the actual processes in place at the insurance company with

<sup>1</sup> The collected data were part of a more extensive research project with the insurance company. For clarity, only those data that were relevant for our research questions are reported in this essay.

which we cooperated, thus ensuring external validity. In addition, this design was conservative because it included a channel switch from an offline medium (letter) to an online medium (online customer profile), which usually causes greater reluctance to participate. Hence, any findings can be expected to be more pronounced on purely offline or online channels.

For the privacy assurance appeal, we chose to include detailed, transparent information on the firm's data-handling practices. The generic appeal included only basic textual information on the purpose of data collection. The wording of both letters was agreed upon by the insurance company, thus confirming the sufficient realism of our scenarios. Translated versions of the data disclosure requests are illustrated in Appendix B and C.

The study involved 116 participants ( $M_{\text{age}} = 52.9$  years, 45.7% female) randomly assigned to the two groups. After being exposed to the letter, they indicated their willingness to scan the QR code (i.e., their willingness to enter the data disclosure process) on a 7-point semantic differential scale adapted from Malhotra et al. (2004). Next, they completed an attention check by indicating the purpose of the letter as well as a manipulation check, indicating their perceived transparency on a semantic differential scale adapted from Martin et al. (2017; e.g., "Overall, the information on the firms' data handling practices presented in the letter are ... vague/transparent"). Lastly, we asked for sociodemographic information, such as age, sex, education level, and household net income. An overview of the reliability and validity measures can be found in Appendix E.

### *Results*

The t-test results show that the data disclosure request containing a privacy assurance appeal was perceived as more transparent than the generic appeal [ $t(114) = -2.84, p = .005; M_{\text{gen}} = 2.90, M_{\text{pa}} = 3.55$ ], thus suggesting a successful manipulation.

An ANCOVA on customers' willingness to enter the data disclosure process, with age and sex as covariates, resulted in statistically significant differences between the groups

[ $F(1,112) = 6.214, p = .014, \eta^2 = .053; M_{\text{gen}} = 2.26, M_{\text{pa}} = 2.92$ ]. In line with H1, these results reveal a significantly greater willingness to enter the data disclosure process for participants presented with the privacy assurance appeal compared to the generic appeal.

### *Discussion*

The support for H1 shows that the privacy assurance appeal leads to a higher willingness to enter the data disclosure process than the generic appeal. In a context that is generally perceived as privacy relevant and risky, the privacy assurance appeal may mitigate risk perceptions and reduce privacy concerns related to data disclosure.

### **3.3.2 Study 1b**

#### *Data collection, sample, and measures*

The cooperation of the insurance company was extended to design and implement a randomized field experiment with a 2 x 1 between-subjects design to replicate the findings of Study 1a and to ensure the external validity of the results. Following the same procedure as in Study 1a, the customers first received a letter, including either a generic appeal or a privacy assurance appeal, which asked them to update their online customer profile by scanning a QR code. Upon scanning the QR code, the customers were then forwarded to the firm's website where they could actually update their customer profile. As in Study 1a, the generic appeal consisted of only basic textual information on the purpose of the data collection, whereas for the privacy assurance appeal, we included detailed, transparent information on the firm's data-handling practices. Translated versions of the data disclosure requests are illustrated in Appendix B and C.

The field experiment involved a total of 1,054 customers ( $M_{\text{age}} = 50.68$  years; 47.7% female). Of those customers who received a letter, 83 chose to scan the QR code (i.e., to enter the data disclosure process). We obtained further information on all 1,054 customers from the insurance company's customer database in order to enrich our descriptive analysis with demographic variables, such as sex and age, as well as information on customer relationship

duration, number of currently active insurance contracts, and customer relationship ratings.

Details of the participants' characteristics are provided in Table 3.1.

Respondents' Characteristics	Frequency (n)	%	Ø
<i>Sex</i>			
Male	551	52.30	
Female	503	47.70	
<i>Age (in years)</i>			50.68 years
<i>Relationship Duration</i>			16.80 years
<i>Number of insurance contracts</i>			2.51
<i>Customer relationship rating</i>			
0-3 (low)	217	20.60	
4-7 (medium)	357	33.90	
8-10 (high)	119	11.30	
Missing	361	34.3	

Table 3.1 Study 1b participants' characteristics.

### Results

We conducted a binomial logistic regression to investigate whether presenting customers with a privacy assurance appeal compared to a generic appeal increased their willingness to enter the data disclosure process. Age and sex were again included as covariates using the simultaneous integration of variables. This reduced the sample size to 1,049 (as information on the customer's age was unavailable for five participants). Linearity was assessed using the Box–Tidwell procedure (Box & Tidwell, 1962). A Bonferroni correction was applied to all five terms in the model (Tabachnick & Fidell, 2018). All continuous variables (i.e., age) followed a linear relationship. The correlations between the predictor variables were low ( $r < .70$ ), indicating that multicollinearity was not an issue. In calculating Cook's distance, no extreme outliers with values larger than one were identified (Heiberger & Holland, 2015).

The model was statistically significant,  $\chi^2(3) = 15.064, p = .002$ . Goodness of fit was assessed using the Hosmer–Lemeshow test, indicating a good model fit,  $\chi^2(8) = 2.423, p = .965$ . The overall accuracy in classification was 92.2%, with a sensitivity of 0% and a specificity of 100%. In line with H1, the privacy assurance appeal led to a marginally significant higher likelihood of entering the data disclosure process when compared to the generic appeal ( $\beta = .436, p = .085$ ). Participants presented with a privacy assurance appeal were approximately 1.5 times more likely to enter the data disclosure process compared to those presented with a generic appeal (OR = 1.547; 95% CI [0.942, 2.539]). This replicated our findings from Study 1a by showing that a privacy assurance appeal increases the willingness of customers to enter the data disclosure process. All results can be found in Table 3.2.

	B	SE	Wald	df	p	Odds Ratio	95% CI	
							Lower bound	Upper bound
Appeal (privacy assurance vs. generic)	.436	.253	2.975	1	.085	1.547	.942	2.539
Sex (female vs. male)	-.808	.249	10.521	1	.001	.446	.274	.726
Age	-.009	.008	1.097	1	.295	.991	.975	1.008
Constant	-2.004	.469	18.283	1	<.001	.135		

Table 3.2 Study 1b logistic regression results.

*Discussion*

In line with Study 1a, Study 1b also supports H1 by showing that customers presented with a privacy assurance appeal are more willing to enter the data disclosure process than customers presented with a generic appeal. These findings underline the importance of providing customers with sufficient privacy-relevant information early on in the decision-making process. Field experimental data allow for a more realistic picture of actual consumer

behaviors than laboratory experiments or surveys. As such, Study 1b increases the external validity of our findings from Study 1a.

### 3.3.3 Study 2

#### *Data collection, sample, and measures*

Study 2 aimed to investigate the underlying psychological processes through the lens of dual processing theory. We conducted an online scenario experiment in a fashion retail context to examine whether our findings could be replicated in a different context. Again, the participants were randomly split into two groups: one was presented with a generic appeal and the other with a privacy assurance appeal as part of the data disclosure request. The participants were asked to imagine that they had been customers of the fictitious online fashion retailer, “Your Fashion”, for some time and had received an e-mail from the company asking them to update their online customer profile in order to receive personalized product recommendations and search results. Sending this kind of e-mail to existing customers is a standard industry practice used to strengthen customer relationships and therefore constitutes a realistic study setting. While the generic appeal consisted of basic textual information on the purpose of data collection, the privacy assurance appeal consisted of detailed, transparent information on the firm’s data-handling practices. Translated versions of the data disclosure requests are illustrated in Appendix B and D.

After reading the scenario description and viewing the e-mail, each participant completed an attention check asking for the purpose of the e-mail. Subsequently, they reported their willingness to enter the data disclosure process on a 7-point semantic differential scale adapted from Malhotra et al. (2004). For the manipulation check, we then asked for the perceived transparency of the participants based on a semantic differential scale adapted from Martin et al. (2017). We further measured both affective processing and cognitive processing on a 7-point Likert scale adapted from Hollebeek et al. (2014). Finally, the participants reported sociographic information, such as age, sex, education, and household



net income. The final sample consisted of 140 participants ( $M_{\text{age}} = 25.80$  years, 70.0% female). An overview of the reliability and validity measures can be found in Appendix E.

### *Results*

T-test results show that the data disclosure request containing a privacy assurance appeal was perceived as more transparent than the request containing a generic appeal [ $t(138) = -3.48, p < .001; M_{\text{gen}} = 3.59, M_{\text{pa}} = 4.42$ ], thus suggesting a successful manipulation. An ANCOVA of customers' willingness to enter the data disclosure process, including age and sex as covariates, showed statistically significant differences between the groups [ $F(1,136) = 5.519, p = .020, \eta^2 = .039, M_{\text{gen}} = 2.52; M_{\text{pa}} = 3.15$ ]. In line with H1, these results revealed a significantly greater willingness to enter the data disclosure process for participants presented with the privacy assurance appeal compared to the generic appeal, thus replicating the results from both Study 1a and Study 1b.

To test our mediation hypothesis regarding the affective processing of privacy assurance appeals, we conducted a parallel mediation analysis using the PROCESS macro for SPSS (Hayes, 2022; Model 4; 5,000 bootstrapping samples, 95% bias-corrected CI). Age and sex were again included as covariates. First, in line with H2b, we found that the privacy assurance appeal had a statistically significant effect on affective processing ( $\beta = .230, p = .037$ ) but not on cognitive processing ( $\beta = .063, p = .605$ ). Affective processing, in turn, had a statistically significant effect on the willingness to enter the data disclosure process ( $\beta = .838, p < .001$ ), thus supporting H2c. Finally, in line with H2a, the indirect effect of the privacy assurance appeal on the willingness to enter the data disclosure process via affective processing was also statistically significant ( $a \times b = 0.1927, 95\% \text{ CI } [0.0222, 0.3842]$ ), whereas the indirect effect via cognitive processing was not.

### *Discussion*

Study 2 replicated our findings from the previous two studies. In line with H1, the results revealed a significantly greater willingness to enter the data disclosure process for

participants presented with a privacy assurance appeal compared to a generic appeal. In line with H2, we found that the privacy assurance appeal was indeed processed affectively, as the effect on the willingness to enter the data disclosure process was mediated by affective processing but not by cognitive processing. Our results thus suggest that affect does in fact play an important role in determining consumers' willingness to enter the data disclosure process. As opposed to cognitively processing the detailed information on the firm's data handling practices, decision-makers seem to base their decision to enter the data disclosure process on the positive affect evoked by the mere presence of that information.

### **3.4 Discussion**

Our cumulative findings across the three studies consistently provided empirical evidence that, compared to a generic appeal, a privacy assurance appeal increases consumers' willingness to enter the data disclosure process. We infer that a minimum amount of privacy-relevant information seems to be a prerequisite for consumers' willingness to enter the data disclosure process. However, contrary to the previous assumption in the literature (e.g., Betzing et al., 2020; Brough et al., 2022; Keith et al., 2016), this privacy-relevant information presented before entering the data disclosure process is not processed cognitively but to a high degree affectively. Our empirical results suggest that, rather than analyzing and deliberately processing the information provided, consumers perform a simple affective valence assessment of that information during the initial decision stage. In other words, the fact that detailed, transparent information on the firm's data-handling practices is provided is sufficient to evoke positive feelings about entering the data disclosure process. This affective processing route may be particularly relevant at an early stage of the decision-making process because of its higher spontaneity and the limited time to perform a thorough risk-benefit analysis.

#### **3.4.1 Theoretical Implications**

Our findings contribute to the current knowledge of privacy-related decision-making in two ways.

First, we advance the extant research on consumers' data disclosure decisions by showing the positive effect of privacy assurance appeals on the decision to enter the process. Since most of the extant research has focused on the decision to actually disclose personal data, findings on the effectiveness of different appeals are difficult to transfer to the decision to enter the data disclosure process. We advance the current knowledge on this initial decision stage by showing that despite a lower privacy criticality (Kehr et al., 2015), decision-makers value privacy-relevant information early on in the decision-making process. Furthermore, since the decision to enter differs from the decision to actually disclose in terms of the time available to the decision-maker, previous studies have largely focused on the positive effects of easily processable cues, such as anthropomorphic images (Kehr et al., 2015) or game elements (Bidler et al., 2020), to facilitate affective processing. Our results now show that seemingly complex and difficult-to-process privacy assurance appeals can also fulfill this role. When presented early on in the decision-making process, consumers process them on a shallower level and use them as affective cues. Decision-makers confronted with an initial data disclosure request are thus highly susceptible to privacy assurance appeals that provide privacy-relevant information in a condensed yet transparent format.

Second, we contribute to the current knowledge on the psychological processes driving the effect of privacy assurance appeals on the decision to enter the data disclosure process. Although the extant research has examined the effect of privacy assurance appeals on the decision to actually disclose personal data, the majority of these studies rely on a privacy calculus perspective (Brough et al., 2022; Keith et al., 2016), suggesting that the presented appeals are processed cognitively and deliberately. At the same time, the decision to enter the data disclosure process would be expected to be based more on affective processing due to time and information constraints and limited privacy criticality (Kehr et al., 2016). In line with the affect heuristic and as an extension of previous studies limited to easily processable cues to induce positive affective reactions (Kehr et al., 2015; Keith et al., 2018; Wakefield,

2013), we show that decision-makers perform an initial affective valence assessment even when presented with a seemingly cognitive, fact-based privacy assurance appeal as part of the data disclosure request. Our empirical findings provide first evidence for the affective quality inherent in privacy assurance appeals and thus advance our understanding of the psychological processes that drive the effect of privacy assurance appeals on the decision to enter the data disclosure process. Rather than conducting a deliberate trade-off analysis, customers rely on how they feel about the data disclosure request when deciding to enter the process. We thus complement the extant studies that emphasize the role of affective processing and mental shortcuts in privacy-related decision-making (Dinev et al., 2015; Gerlach et al., 2019).

### **3.4.2 Managerial Implications**

By addressing companies' challenges in collecting consumer data, our findings help firms understand how individuals evaluate privacy assurance appeals presented as part of the data disclosure request before the decision to enter the data disclosure process. Compared to a generic appeal, a privacy assurance appeal increases consumers' willingness to enter the data disclosure process because individuals rely on their positive affective reactions to the mere presence of privacy-relevant information. Based on our results, firms can thus design data disclosure requests that are conducive to disclosure behavior by aligning the appeal with the psychological affordances of the decision stage.

At the same time, this finding challenges the widespread assumption that privacy-relevant information provided to decision-makers is processed deliberately and systematically (e.g., Betzing et al., 2020; Brough et al., 2022; Keith et al., 2016). Instead, the privacy assurance appeal serves as a simple cue that triggers a positive initial affective reaction without consumers thoroughly processing the information provided. This may be problematic for firms trying to create a competitive advantage by being more privacy friendly and transparent. While consumers may evaluate firms' actual data-handling practices at a later

stage, a privacy assurance appeal is insufficient to build a competitive advantage because consumers tend not to read it. While we advocate the need for companies to use privacy assurance appeals to overcome consumers' general aversion toward disclosing personal data by making them feel good about it during the initial decision to enter, we also encourage them to focus on additional benefits as a basis for a more substantial competitive advantage.

Moreover, this means that the legal requirement to inform consumers about a firm's data handling practices, as put forward by the GDPR and other similar regulations, does not automatically lead to more informed decision-making. When only provided as part of the data disclosure request, privacy assurance appeals are potentially insufficient because they are not thoroughly read and understood. In order to comply with lawmakers' demand for informed decision-making, privacy-relevant information should also be made available to consumers at a later stage.

### **3.4.3 Limitations and Future Research**

Although our results contribute to clarifying the effect of privacy assurance appeals on the willingness to enter the data disclosure process and the underlying psychological mechanisms, the following limitations of our study need to be noted. First, due to data protection regulations in Germany, our field study was conducted with existing insurance company customers. While we adjusted the scenario descriptions for both online scenario experiments accordingly, the established customer–firm relationship may have affected appeal perceptions. Thus, future research should investigate the effectiveness of privacy assurance appeals for first-time customers. Second, the type of privacy assurance appeal used in our studies was based on previous literature and feasibility assessments by the insurance company with which we cooperated for Studies 1a and 1b. Future studies could retest a similar setting with a different type of privacy assurance appeal, such as privacy seals, to rule out that our specific choice of manipulation caused the effect we found. Finally, future research might wish to examine conditions that encourage cognitive processing of privacy

assurance appeals. Dual-processing theory suggests that factors like mood or need for cognition may affect individuals' processing routes (Petty & Wegener, 1998). Encouraging consumers' to actually read and evaluate privacy assurance appeals would contribute to informed decision-making and re-qualify fair and transparent data-handling practices as a means to establish a competitive advantage.

### **3.5 Conclusion**

Reconciling the need of firms to collect consumer data with consumers' increasing reluctance to comply with constant data disclosure requests, this study advocates the need to use privacy assurance appeals to encourage consumers to enter the data disclosure process. Contrary to what previous studies on actual data disclosure decisions suggest, privacy assurance appeals are processed affectively in the context of the initial decision to enter. Rather than carefully reading the information on firms' data-handling practices provided through a privacy assurance appeal, consumers rely on the positive affective reactions induced by its mere presence. We thus encourage firms to use privacy assurance appeals early in the decision-making process, while keeping in mind the potential negative consequences of competitive advantages built solely on providing transparent information on firms' data handling practices.

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### 3.7 Appendices

#### Appendix B

##### **Text used for generic appeal (Study 1a & 1b):**

*Dear customer,*

*We are your contact for everything to do with your insurance, pension and finances. To check your demand and to secure the best conditions, please scan the QR code below and update your online customer profile. Just follow these 3 simple steps:*

- 1. Scan the QR-Code*
- 2. Update your customer profile*
- 3. Check your demand*

##### **Text used for generic appeal (Study 2):**

*Dear customer,*

*In order to benefit from our personalized product recommendations and search results in the future, we first have to get to know you better. Update your online customer profile now and help us improve your personal shopping experience.*

##### **Additional text used for privacy assurance appeal (Study 1a, 1b & 2):**

*Data protection is the top priority at Insurance / YourFashion. Your details will therefore only be used for personalization purposes and will be automatically deleted when they are no longer required for this purpose. Your data will not be shared with any Third Party. You may object to data processing at any time. You can reach our data protection officer at [dataprivacy@insurance.com](mailto:dataprivacy@insurance.com) / [dataprivacy@yourfashion.com](mailto:dataprivacy@yourfashion.com). Find more detailed information on our data protection guidelines at [www.insurance.com/dataprivacy](http://www.insurance.com/dataprivacy) / [www.yourfashion.com/dataprivacy](http://www.yourfashion.com/dataprivacy).*

## Appendix C

### Data disclosure requests Study 1a and 1b

*Note: The company information was anonymized for these illustrations.*

**Insurance AG**  
www.insurance.com

Insurance AG • 10900 Berlin

<Title>  
<Name> <Surname>  
<Street> <Number>  
<Zip Code> <City>

<DD/MM/YYYY>

**Update your customer profile now and secure your benefits!**

Dear customer,

We are your contact for everything to do with your insurance, pension and finances. To check your demand and to secure the best conditions, please scan the QR code below and update your online customer profile. Just follow these 3 simple steps:

1. Scan the QR-Code
2. Update your customer profile
3. Check your demand




Thank you and kind regards,



J. Smith (Insurance Agent)

Insurance AG  
Chairman Peter Smith, Management Board: Thomas Miller, Erica Johnson, James Williams,  
For VAT purposes IdNr.: 12 345 6789  
Registered Office: Berlin  
Registry Court: Local Court Berlin

generic appeal

**Insurance AG**  
www.insurance.com

Insurance AG • 10900 Berlin

<Title>  
<Name> <Surname>  
<Street> <Number>  
<Zip Code> <City>

<DD/MM/YYYY>

**Update your customer profile now and secure your benefits!**

Dear customer,

We are your contact for everything to do with your insurance, pension and finances. To check your demand and to secure the best conditions, please scan the QR code below and update your online customer profile. Just follow these 3 simple steps:

1. Scan the QR-Code
2. Update your customer profile
3. Check your demand

Data protection is the top priority at Insurance. Your details will therefore only be used for personalization purposes and will be automatically deleted when they are no longer required for this purpose. Your data will not be shared with any Third Party.  
You may object to data processing at any time.  
You can reach our data protection officer at [dataprivacy@insurance.com](mailto:dataprivacy@insurance.com). Find more detailed information on our data protection guidelines at [www.insurance.com/dataprivacy](http://www.insurance.com/dataprivacy).




Thank you and kind regards,



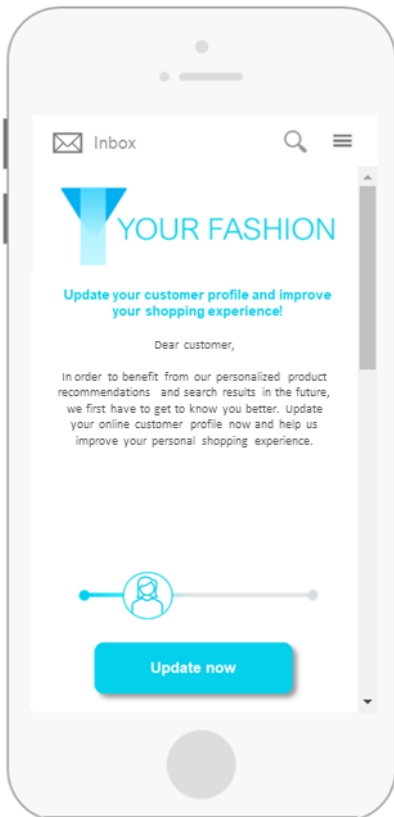
J. Smith (Insurance Agent)

Insurance AG  
Chairman Peter Smith, Management Board: Thomas Miller, Erica Johnson, James Williams,  
For VAT purposes IdNr.: 12 345 6789  
Registered Office: Berlin  
Registry Court: Local Court Berlin

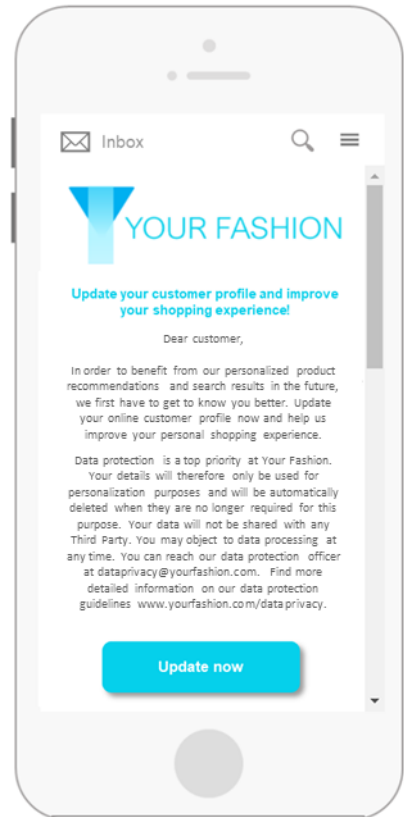
privacy assurance appeal

Appendix D

Data disclosure requests Study 2



generic appeal



privacy assurance appeal

**Appendix E**

**Measurement items and reliability assessments for constructs in Study 1a**

Variables	Items	Cronbach's $\alpha$	AVE	CR
<b>Willingness to enter the data disclosure process</b> (adapted from Malhotra et al., 2004)	Based on this letter, please indicate the degree to which you would be willing to scan the QR-Code.	.944	.802	.924
WTE1	Unlikely/Likely			
WTE2	Unwilling/Willing			
WTE3	Not probable/Probable			
<b>Perceived transparency</b> (adapted from Martin et al., 2017)	The information on the company's customer data handling provided in the letter are...	.923	.722	.912
TRA1	Unclear to me/Clear to me			
TRA2	Confusing/Straightforward			
TRA3	Difficult to understand/Easy to understand			
TRA4	Vague/Transparent			

**Measurement items and reliability assessments for constructs in Study 2**

Variables	Items	Cronbach's $\alpha$	AVE	CR
<b>Willingness to enter the data disclosure process</b> (adapted from Malhotra et al., 2004)	Based on this e-mail, please indicate the degree to which you would be willing to click on the button.	.963	.763	.907
WTE1	Unlikely/Likely			
WTE2	Unwilling/Willing			
WTE3	Not probable/Probable			
<b>Affective processing</b> (adapted from Hollebeek et al., 2014)		.922	.690	.870
AF1	I felt positive when reading the e-mail.			
AF2	Reading the e-mail made me happy.			
AF3	I felt good when reading the e-mail.			
<b>Cognitive processing</b> (adapted from Hollebeek et al., 2014)		.828	.705	.877
CO1	Reading the e-mail got me to think about it.			
CO2	I thought about the e-mail a lot when reading it.			
CO3	Reading the e-mail stimulated my interest to learn more about it.			
<b>Perceived transparency</b> (adapted from Martin et al., 2017)	The information on the company's customer data handling provided in the e-mail are...	.882	.714	.908
TRA1	Unclear to me/Clear to me			
TRA2	Confusing/Straightforward			
TRA3	Difficult to understand/Easy to understand			
TRA4	Vague/Transparent			

#### **4. Essay 3: Sharing Is Caring? The Effect of Negative Peer-to-Peer Experiences on Loyalty Intentions in the Sharing Economy**

Lea Postel, Alina Grüner, Jan H. Schumann  
Submitted to the Journal of Business Research (VHB Ranking: B)

*Negative experiences with other users (i.e., negative peer-to-peer [P2P] experiences), are a highly prevalent, yet under researched problem of sharing economy business models with potentially negative consequences for the platform as a whole. This essay fills this void by investigating the effect of negative P2P experiences on users' platform loyalty intentions through the lens of trust transfer theory. The authors test a serial mediation model suggesting that negative P2P experiences negatively affect platform loyalty intentions via a decrease in peer trust and a subsequent decrease in platform trust. The results of an online scenario experiment (n=265) and an online survey (n=237) confirm this negative bottom-up trust transfer effect. This effect was more pronounced for outcome-related experiences compared to process-related experiences because of greater platform attribution. In addition, the authors identified relationship satisfaction as an important mitigating factor that platform providers can employ to create a buffer against negative P2P experiences.*

**Keywords:** *Sharing Economy, P2P, Loyalty, Trust Transfer, Relationship Satisfaction, Attribution*

## 4.1 Introduction

The emergence of sharing economy platforms, such as Airbnb or Uber, which enable consumers to access privately owned assets or services from individual service providers, originally sparked great enthusiasm about more social and sustainable alternatives to traditional accommodation or transportation. Among the most prominent reasons individuals choose sharing platforms over traditional offers are authentic experiences and interactions with other users (Guttentag et al., 2018; Bucher et al., 2016, 2018). However, a recent survey in the home-sharing context found that 43% of people using these sites in the United States have encountered some sort of fraud (Bennet & Popov, 2018). In 2020, identity fraud losses in the sharing economy in general reached an all-time high of USD 43 billion (Marley, 2021). A quick Google search returns innumerable horror stories on the various scams and poor experiences that people have encountered on those platforms. While previous literature on the dark side of the sharing economy has addressed phenomena such as consumer misbehavior contagion (Schaeffers et al., 2016), value co-destruction (Buhalis et al., 2020), privacy issues (Lutz et al., 2018), contamination concerns (Hazée et al., 2019), and service failures (Lu et al., 2020), little is known about negative experiences between individual users (i.e., negative peer-to-peer (P2P) experiences) and their repercussions for the platform as a whole. However, because peer-to-peer interactions are a key characteristic of the sharing economy context and differ from traditional service failures originating from the firm or its employees, the potential drawbacks associated with those interactions need to be appropriately considered.

A potentially powerful theoretical lens to explain the negative effects of negative P2P experiences on a sharing economy platform is trust transfer theory (Stewart, 2003). Due to the risk inherent in interacting with complete strangers, trust is often referred to as “the currency of the sharing economy” (Botsman, 2012). While the majority of studies agree on the context-specific differentiation between peer trust and platform trust (Hawlitschek et al., 2016, ter



Huurne et al., 2017), the extant research shows that users mostly rely on the trustworthiness of the platform. In line with this finding, additional research suggests that trust in the sharing economy is a hierarchical construct (Möhlmann, 2016), with trust in the platform leading to trust in the peers with whom one is sharing (Möhlmann & Geissinger, 2018). Hence, the extant research has largely focused on *top-down trust transfers* from the platform to peers. Although user experiences on sharing economy platforms are largely shaped by peer-to-peer interactions, there is only limited research that looks at the opposite direction of trust transfers, namely, whether peer trust may in turn affect individuals' level of trust toward the platform, in other words, *bottom-up trust transfers*. Whereas the first evidence from an e-commerce context shows a *positive* bottom-up trust transfer effect (Chen et al., 2009), further research is required to understand whether these findings are transferable to a sharing economy context with two different groups of users (i.e., service providers and service consumers). Additionally, to the best of the authors' knowledge, previous research has not explicitly examined *negative* bottom-up trust transfers, even though previous findings on consumer reactions to positive vs. negative service experiences suggest that those reactions may vary depending on the valence of the experience (Barari et al., 2020). Hence, Essay 3 aims at investigating whether a decrease in peer trust resulting from negative P2P experiences may lead to a decrease in platform trust and a subsequent decrease in platform loyalty intentions and what may be potential contingency factors for this *negative bottom-up trust transfer* effect.

Drawing on both trust transfer theory (Stewart, 2003) and attribution theory (Folkes, 1984, 1988), we argue that negative P2P experiences will cause a decrease in users' loyalty intentions toward a sharing economy platform and that this effect will be driven by a negative bottom-up trust transfer effect. We further propose that this negative bottom-up trust transfer effect may be dependent on the type of negative P2P experience, such that, compared to process-related experiences, it is stronger for outcome-related experiences because they are

more strongly attributed to the platform. Moreover, by bolstering users' relationship satisfaction with the platform and their sense of community with other users, platform providers may be able to create a buffer against the negative consequences of negative P2P experiences. Thus, our study pursues the following research goals:

1. *Show the effect of negative peer-to-peer experiences on users' loyalty intentions toward a platform.*
2. *Delineate the underlying negative bottom-up trust-transfer mechanism from peer trust to platform trust.*
3. *Examine the type of experience as a contingency factor for the negative bottom-up trust transfer effect.*
4. *Examine users' relationship satisfaction and sense of community as potential buffers against the negative consequences of negative P2P experiences.*

We conducted an online scenario experiment (n=265) as well as an online survey (n=237) in the context of home-sharing platforms. Home-sharing platforms are not only a popular business model within the sharing economy, but also highly susceptible to negative P2P experiences due to the inevitable guest-host interactions. In line with our argumentation, our results show that negative P2P experiences have a statistically significant negative effect on users' loyalty intentions toward the platform as a whole and that this effect is driven by a negative bottom-up trust transfer effect. This effect was more pronounced for negative outcome-related experiences compared to negative process-related experiences because the former were more strongly attributed to the platform. We further identify relationship satisfaction as a mitigating factor that serves as a buffer against this detrimental effect, whereas sense of community is an insufficient inhibitor of the negative bottom-up trust transfer effect.

Our study makes three important theoretical contributions. First, we advance extant research on the dark side of the sharing economy by identifying negative P2P experiences as a prevalent phenomenon, whose consequences typically have to be borne by the platform. Second, we bring a new perspective to the extant research on trust transfers in P2P settings by focusing specifically on *negative* bottom-up trust transfers, which so far have received insufficient attention in the literature. Third, we identified important boundary conditions for this effect. Compared to process-related experiences, we find that the negative bottom-up trust transfer effect is more pronounced for outcome-related experiences, due to their higher platform attribution. Moreover, we highlight relationship satisfaction as an important mitigating factor that counteracts the negative effect of negative P2P experiences on platform loyalty intentions. Practically, we draw platform providers' attention to the potential threat stemming from negative experiences between individual users and provide advice on how to attenuate a negative spillover effect on the platform.

The remainder of the essay is structured as follows. In Section 2, we outline trust transfer theory as a means to explain one potential psychological mechanism behind the effect of negative P2P experiences on loyalty intentions toward the platform. We further draw on attribution theory to explain the differential effect of process-related experiences compared to outcome-related experiences. In addition, we introduce relationship satisfaction and sense of community as two potential moderators that mitigate the serial indirect effect as preemptive buffers. In Section 3, we describe our methodological approach, including our research designs and procedures, before outlining our analyses and results. Following the discussion of our results, the essay closes with a final section on the theoretical and managerial implications, limitations, and potential areas for future research.

## 4.2 Theoretical Background and Hypotheses Development

### 4.2.1 Trust Transfer Theory

While there is no unanimous definition of trust, many scholars draw on the integrative conceptualization of Mayer et al. (1995), who describe trust as “the willingness of a party [trustor] to be vulnerable to the actions of another party [trustee]” (p. 712), based on the trustor’s perceptions of the trustee’s ability, benevolence and integrity. In sharing economy interactions, this traditional understanding of trust as a dyadic relationship between trustor and trustee has been extended to a triad consisting of the platform, the service provider, and the service consumer (Möhlmann & Geissinger, 2018). As a result, the extant literature on trust in the sharing economy typically distinguishes between platform trust, referring to the belief that necessary structural conditions and security measures are present on the platform, and peer trust, describing the perceived trustworthiness of an individual service provider or service consumer (Hawlitschek et al., 2016; Möhlmann, 2016).

According to trust transfer theory, trust can be conveyed between different targets that are perceived as somehow associated (Stewart, 2003). If an individual’s trust in a particular trustee is high, and a close relationship exists between the trustee and an unknown third party, then the trust can also be transferred to that third party. This can be achieved either through communication (the original trustor being influenced by the trustee’s recommendations or comments about the third party) or through cognitive processes (the original trustor understanding the relationship between the trustee and the third party) (Stewart, 2003).

In a sharing economy context, Möhlmann (2016) suggested that trust is a hierarchical construct that is transferred in a hierarchical order from the platform as a whole to individual users. In line with this argument, Möhlmann and Geissinger (2018) argue that trust in a sharing economy context is reliant on “a platform’s capacity to foster platform-mediated peer trust” (p. 1). Hence, a platform that is perceived as trustworthy due to its large network size, the insurance

it offers, or its peer review system will foster trust in the peers with whom one is sharing through a *top-down trust transfer*. This mechanism was confirmed by Mittendorf (2016), who found that trust in Airbnb has a significant effect on trust in renters.

#### 4.2.2 Negative Bottom-Up Trust Transfer

Studies on online brand communities and customer-to-customer social commerce have found that consumers' attitudes toward an online brand community lead to trust in the brand itself (Jung et al., 2014). Similarly, trust in individual sellers has also been found to be transferred to trust in the brand itself (Liu et al., 2018; Zhao et al., 2019), which we collectively refer to as *bottom-up trust transfers*. In line with Chen et al. (2009), who found a *positive bottom-up trust transfer* effect from members of C2C e-commerce platforms to the platform provider, peer trust in a sharing economy context could also be transferrable to platform trust. Positive P2P experiences allow users to build mutual trust, which is then transferred to the platform because users will be more confident about the platform's "ability to gather trustable [users] and its benevolence to nurture a healthy environment" (Chen et al., 2009, p. 150). In contrast, when users associate an individual peer with whom they have had a negative P2P experience with the platform that allowed this experience to happen, a *negative bottom-up trust transfer* may occur. Users might infer that the platform did not implement sufficient precautions to prevent such an experience from happening. In addition, attracting users who facilitate negative P2P experiences by acting rude or by not providing the services advertised on the platform could be interpreted as a lack of both ability and benevolence. The decrease in trust toward peers resulting from a negative P2P experience may thus be transferred to a decrease in trust toward the platform as a whole. Consequently, consumers' reactions in terms of decreasing loyalty intentions may also be directed toward the platform. We thus propose the following hypotheses:

**H1a** *A negative P2P experience will have a negative effect on peer trust.*

**H1b** *A decrease in peer trust will cause a decrease in platform trust.*

**H1c:** *A decrease in platform trust will cause a decrease in platform loyalty intentions.*

**H2** *There will be a serial indirect effect of negative P2P experiences on platform loyalty intentions via a decrease in peer trust and a subsequent decrease in platform trust.*

#### **4.2.3 Platform Attribution of Process-Related vs. Outcome-Related Experiences**

Traditional service failures are usually fully attributable to the firm or its employees, resulting in a loss of trust and a subsequent decrease in loyalty intentions (Masuch et al., 2021; Mattila, 2001, 2004). In sharing economy business models, negative experiences may no longer be fully attributable to the platform but also to independent, individual service providers that operate on the platform. As such, the extant literature on service failures may only be partially transferable to the home-sharing context (Lu et al., 2020).

Even though the platform is not objectively responsible for negative P2P experiences, users may attribute at least part of the responsibility to the platform that enabled the negative P2P experience to happen because of the close association between a platform and the service providers operating on that platform (Moon et al., 2019). According to attribution theory, the extent of platform attribution will be based on the perceived locus of causality, the level of controllability and the stability of the cause (Folkes, 1984; Weiner, 1985, 2000). In terms of trusting beliefs, the literature further suggests that trust in the trustee (i.e., in the platform) will decline more severely if the locus of causality was internal as opposed to external to the trustee, if the trustor believes that the trustee had the ability to control the experience but chose not to, and if the trustor perceives that the experience is likely to reoccur (Kim et al., 2006; Bansal & Zahedi, 2015). Since users of sharing economy platforms enter into a new relationship with a service provider for every transaction and thus do not establish stable relationships, the third dimension is negligible for the sharing economy context (Suri et al., 2019). The locus of causality for negative P2P experiences lies, objectively, with the peer and

thus external to the platform. However, subjectively, the attribution bias may lead users to perceive the locus of causality for certain types of negative P2P experiences to be partially internal to the platform. We further assume that the extent of platform attribution in terms of the perceived level of controllability may differ depending on the type of negative P2P experience.

Research on traditional service failures has differentiated between process-related types of failures (i.e., an impolite waiter at a restaurant) and outcome-related types of failures (an oversalt soup) (Smith et al., 1999). Extant findings further suggest that process-related failures are more strongly attributed to the individual employee than to the firm, whereas outcome-related failures tend to create attributional uncertainty (van Vaerenbergh et al., 2014). As a result, we assume that for negative process-related experiences, such as negative behavior on the part of the service provider, rudeness, or unfriendliness, platform attribution is lower because the service providers' behavior may vary depending on personality and/or mood and can hardly be controlled by the platform. Extant services literature agrees that the human factor is difficult to standardize, even if an employment relationship exists (Hartline & Ferrell, 1996; Nguyen et al., 2014). Moreover, consumers' subjective perception of a service provider's behavior is highly dependent on sympathy and may thus vary greatly.

For negative outcome-related experiences, such as a dirty or untidy apartment or an unpunctual ride, we assume that platform attribution is higher because some level of controllability could be at least partially attributed to the platform. A bad condition of the rented resources that does not match the service consumers' expectations could be interpreted as insufficient quality control by the platform. Service outcomes (e.g. apartments) are also more easy to standardize than service processes (e.g. host behavior). We therefore assume that the negative bottom-up trust transfer effect is more pronounced for negative outcome-related experiences, compared to negative process-related experience. We thus hypothesize:

**H3** *The type of negative P2P experience (process-related vs. outcome-related) moderates the serial indirect effect of negative P2P experiences on platform loyalty intentions, such that for outcome-related experiences, the negative bottom-up trust transfer effect is stronger.*

#### **4.2.4 Relationship Satisfaction Between Users and the Platform**

Given the negative bottom-up trust transfer effect that we hypothesize as a result of negative P2P experiences, companies must understand how they can mitigate a decrease in loyalty intentions resulting from it. Perceived relationship satisfaction between users and the platform has been consistently identified as a key antecedent of loyalty (Clauss et al., 2019; Seiders et al., 2005; Tussyadiah, 2016). In the context of the sharing economy, it can be defined as an overall assessment of the strength of the relationship between users and the platform over time and the extent to which this relationship meets users' needs and expectations (Nadeem et al., 2020; Smith, 1998). According to the "love is blind" effect (Grégoire & Fisher, 2006), users who have a strong relationship with the platform try to align these positive preconceptions toward the platform with their current perceptions. As a result, the weight of any negative P2P experiences and the consequent loss of trust in the platform are reduced. Extant literature confirms that a strong customer–firm relationship mitigates the potential negative effect of a negative experience with that firm on trust and/or loyalty intentions (Grégoire & Fisher, 2008; Mattila 2001; Tax et al. 1998). Accordingly, we assume that the decrease in loyalty intentions resulting from the negative bottom-up trust transfer effect is smaller for users who show a high relationship satisfaction with the platform than for those users who show a low relationship satisfaction with the platform. We therefore hypothesize:

**H4** *Perceived relationship satisfaction will mitigate the negative indirect effect of negative P2P experiences on loyalty intentions, such that for users with high relationship satisfaction, the negative bottom-up trust transfer effect is weaker.*



#### 4.2.5 Sense of Community

The decrease in loyalty intentions resulting from negative P2P experiences could further be mitigated by the perceived sense of community among users. Within communities, users form interpersonal ties, and experience sociability, support, information sharing, a sense of belonging, and social identity (Wellman, 2005). A sense of community thus refers to “the degree to which an individual perceives relational bonds with [others]” (Carlson et al., 2008, p. 286) and feels committed to the community’s goals (Chang et al., 2016). Home-sharing platforms, such as Couchsurfing or Airbnb successfully implement community-building measures, such as community forums, personal chats or community activities. The resulting sense that members of the community belong together and care about each other strengthens users' sense of community (Celata et al., 2017; Decrop et al., 2018; Rosen et al., 2011). A strong sense of community increases users' engagement, participation in activities, and satisfaction with the community (Rosen et al., 2011; Burroughs & Eby, 1998), resulting in users' mutual trust (Blanchard et al., 2011; Celata et al., 2017). Members of the community feel a sense of emotional safety (McMillan & Chavis, 1986), which protects them from external threats, such as the misbehavior of individual peers (McMillan & Chavis, 1986). Accordingly, we hypothesize that users’ perceived sense of community acts as an *ex ante* buffer against the loss of trust associated with negative P2P experiences. We therefore hypothesize the following:

**H5** *A perceived sense of community will mitigate the negative indirect effect of negative P2P experiences on loyalty intentions, such that for users with a high sense of community, the negative bottom-up trust transfer effect is weaker.*

The overall research model illustrating the relationships encompassing all the hypotheses is provided in Figure 4.1.

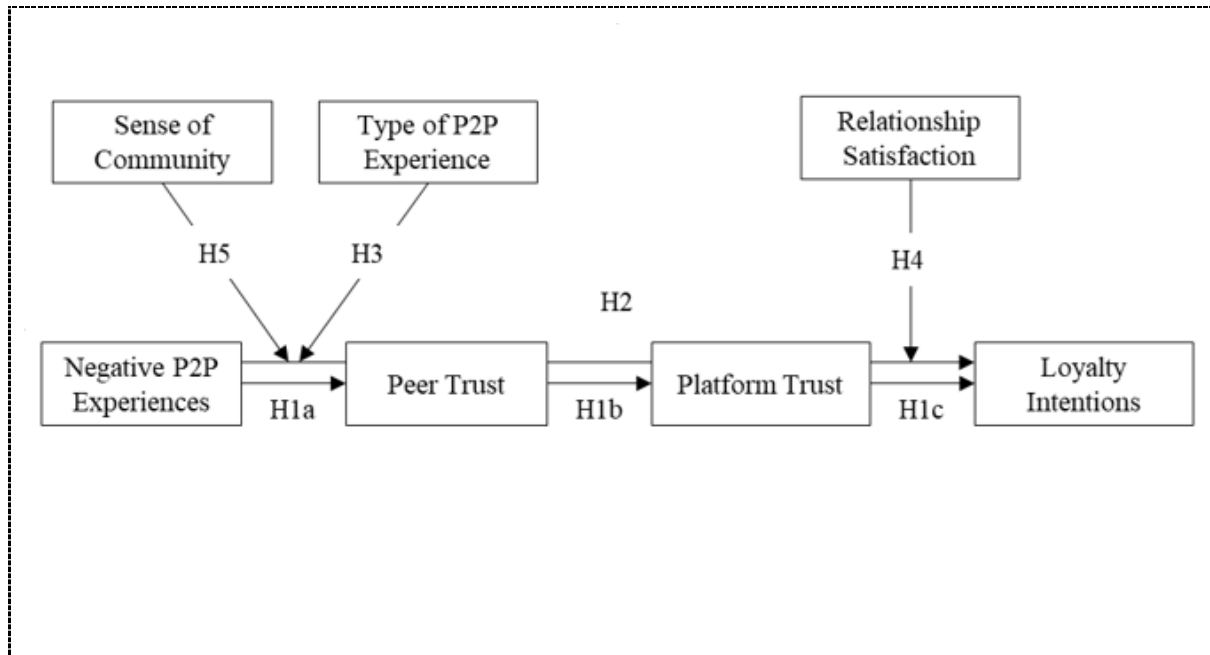


Figure 4.1 Research model.

### 4.3 Methodology

To test our assumptions, we conducted an online scenario experiment (study 1) and an online survey (study 2) in the home-sharing context. The goal of study 1 was to obtain evidence for the negative bottom-up trust transfer effect and its impact on platform loyalty intentions (H1a,b,c; H2), as well as for the differences in outcome-related experiences versus process-related experiences (H3). The goal of study 2 was to test the negative bottom-up trust transfer effect based on actual experiences that individuals have had on real home-sharing platforms. In addition, we examined relationship satisfaction (H4) and sense of community (H5), as two potential moderators.

#### 4.3.1 Study 1

##### *Data collection, sample, and measures*

We conducted an online scenario experiment, with a 2 (valence: negative vs. positive) x 2 (type of experience: process-related vs. outcome-related) between-subject design, in order to examine whether negative P2P experiences affect platform loyalty intentions via a negative bottom-up trust transfer effect and whether the type of negative P2P experience acts as a

contingency factor for this effect. The experiment started with the collection of sociodemographic data (age, gender, and education), before the respondents were instructed to imagine they were planning to book a short vacation via the fictitious home-sharing platform ‘Homtel’. The respondents were then randomly assigned to one of four different scenarios that differed in the valence of the P2P experience (i.e., negative vs. positive) as well as in the type of P2P experience (i.e., process-related vs. outcome-related). While the process-related experience focused on the interaction with the host, his communication style and helpfulness, the outcome-related experience focused on the apartment conditions, cleanliness and match between reality and pictures provided in the listing. We manipulated the positive process-related experience by describing the host as friendly, polite, punctual, and helpful, whereas for the negative process-related experience, the host was described as unfriendly, rude, unpunctual, and unhelpful. Similarly, we manipulated the positive outcome-related experience by describing the apartment as corresponding to the pictures provided in the listing, where it was portrayed as bright, neat, clean, and quiet. For the negative outcome-related experience, the apartment was described as not corresponding to pictures provided in the listing: dark, messy, dirty, and noisy. We further illustrated the scenario descriptions using pictures of a chat with the host (process-related experience) or pictures of the apartment (outcome-related experience). These illustrations are provided in Appendix F.

To avoid spillover effects that would lead respondents to assume that a rude host would also offer a bad apartment, or vice versa, we added a note stating that the respective other type of experience had matched expectations. Following the scenarios, participants completed an attention check, asking for the name of the fictitious home-sharing platform, as well as a manipulation check on the perceived valence of the experience (7-point Likert scale ranging from 1 = very negative to 7 = very positive). Subsequently, we measured participants’ platform attribution of the experience on a 7-point Likert scale adapted from Russell (1982).

Participants subsequently rated their loyalty intentions on a 7-point Likert scale adapted from Schumann et al. (2014), as well as their peer trust and platform trust on 7-point Likert scales adapted from Mittendorf et al. (2019). Perceived realism was measured on a 7-point Likert scale adapted from Swanson & Kelley (2001). Lastly, we measured participants' propensity to trust with three items based on Wang and Huff (2007). Cronbach's alpha values for all constructs were greater than 0.7, which is an indicator of the excellent internal consistency of the measurement model. Appendix G provides an overview of the constructs and the corresponding items. As illustrated in Appendix H, convergent and discriminant validity were established. Study 1 was conducted in collaboration with a professional panel provider. After screening for failed attention checks, we obtained a final sample of 265 participants (51.3% female,  $M_{\text{age}} = 38.42$ ,  $SD = 14.82$ ).

### *Results Study 1*

#### *Descriptive Statistics*

The results from an ANCOVA on respondents' perceived valence of the P2P experience indicate that our manipulation was successful. The negative experiences were perceived as significantly more negative than the positive experiences ( $M_{\text{neg}} = 2.61$ ;  $M_{\text{pos}} = 6.11$ ;  $F(1, 263) = 463.15$ ,  $p < .001$ ). Moreover, platform attribution was significantly higher for outcome-related (i.e. apartment-related) experiences compared to process-related (i.e., interpersonal) experiences ( $M_{\text{apart}} = 4.65$ ;  $M_{\text{inter}} = 4.13$ ;  $F(1, 263) = 10.00$ ,  $p = .002$ ). All four scenarios were perceived as highly realistic ( $M = 5.27$ ,  $SD = 1.23$ ). Age, sex and propensity to trust were equally distributed between the four scenarios (Welch-Test  $F(4, 163.34) = .632$ ,  $p = .640$ ;  $F(4, 327) = 1.068$ ,  $p = .372$ ;  $F(4, 327) = .275$ ,  $p = .894$ ).

#### *Serial Mediation Analysis*

A serial mediation analysis using Model 6 (5,000 bootstrapping samples, 95% bias-corrected confidence interval) of the PROCESS macro by Hayes (2018) was performed to test

whether negative P2P experiences negatively affect respondents' loyalty intentions toward the platform by means of a negative bottom-up trust transfer effect. Age, sex and propensity to trust were included as control variables. A negative total effect of negative P2P experiences on loyalty intentions toward the platform was observed ( $\beta = -2.001, p < .001$ ). After entering the mediators into the model, negative P2P experiences had a significant negative effect on peer trust ( $\beta = -1.385, p < .001$ ), thus confirming H1a. In line with H1b, peer trust subsequently had a significant positive effect on platform trust ( $\beta = .908, p < .001$ ), which, in turn, significantly affected loyalty intentions toward the platform ( $\beta = .738, p < .001$ ), thus confirming H1c. Hence, in line with H2, the serial indirect effect of negative P2P experiences on loyalty intentions via a negative bottom-up trust transfer was significant ( $a \times b = -.928, 95\% \text{ CI } [-1.1722, -0.6914]$ ). There was a significant remaining direct effect of negative P2P experiences on loyalty intentions ( $\beta = -.564, p < .001$ ), thus indicating partial mediation.

#### *Moderated Serial Mediation*

A moderated serial mediation analysis (PROCESS Model 83) was run to determine whether the type of negative P2P experience (process-related vs. outcome-related) has a moderating effect on the negative bottom-up trust transfer effect. Age, sex and propensity to trust were again included as control variables. The overall model was significant ( $F(6,258) = 197.66, p < .001$ ), predicting 82.13% of the variance in loyalty intentions toward the platform. The results show a significant interaction effect between the type of experience and the valence of the experience ( $\beta = 1.004, p < .001$ ), as Figure 4.2 depicts, thus contributing to a 2.8% change in  $R^2$ . In line with H3, the results further show a significant index of moderated mediation (.6734, 95% CI [.3031; 1.0676]), such that the type of P2P experience moderates the negative bottom-up trust transfer effect. More specifically, conditional effects show that while there is a significant negative serial indirect effect of negative P2P experiences on platform loyalty intentions for both, process-related (i.e., interpersonal) experiences and

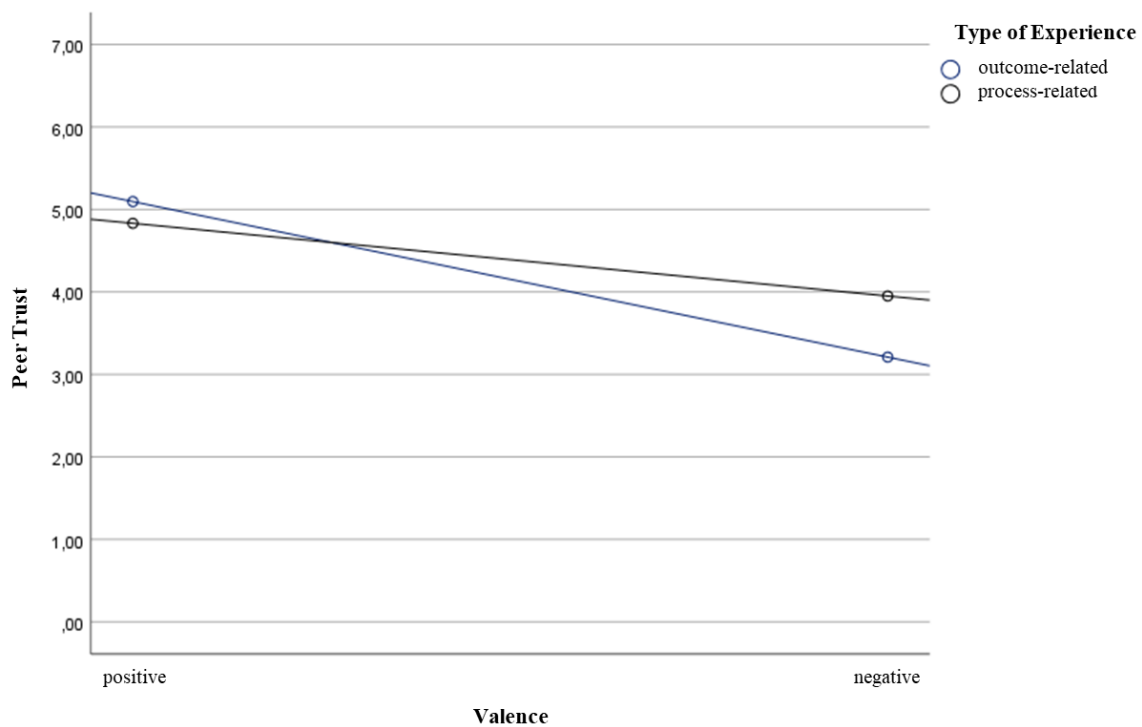


Figure 4.2 Study 1 moderating effect of type of experience.

outcome-related (i.e., apartment-related) experiences, the negative bottom-up trust transfer effect is stronger for apartment-related experiences (-1.2642, 95% CI [-1.6195; -.9238]) compared to interpersonal experiences (-.5908, 95% CI [-.8441; -.3446]). T-test results reveal that loyalty intentions for negative apartment-related experiences are significantly lower than for negative interpersonal experiences ( $M_{\text{apart}}=2.80$ ;  $M_{\text{inter}}=4.10$ ,  $t(127)= 4.51$ ,  $p>.001$ ).

### 4.3.2 Study 2

#### *Data collection, sample, and measures*

We developed an online survey to get an understanding of negative P2P experiences and their effect on platform loyalty intentions in real-life settings. Respondents could participate in the survey in either German or English. The questionnaire was structured in such a way that the participants initially had to indicate whether they had used a home-sharing platform within the last year (our inclusion criterion) before continuing with the survey. If they indicated that they had not used any home-sharing platforms since June 2021, they were screened out. In the first step, participants were asked to provide general information about

the platform they had used most frequently. The information requested included the name of the platform, the relationship duration (in months), and the usage frequency (once a month or more / once every 2–3 months / once every 6 months / once a year / less frequently). For the remainder of the survey, participants were asked to refer to the platform they had used most frequently as the frame of reference. Subsequently, participants were asked to indicate their relationship satisfaction with the platform prior to the last year on a 7-point Likert scale adapted Seiders et al. (2005) and then indicated their current loyalty intentions toward that platform on a 7-point Likert scale adapted from Schumann et al. (2014). Next, we inquired about participants' trust in other users, as well as in the home-sharing platform at the time of the survey, using a 7-point Likert scale adapted from Mittendorf et al. (2019). Subsequently, we asked them to indicate on a 5-point Likert scale, ranging from "No, never" to "Yes, very frequently", whether they had had any negative P2P experiences during the last year. If so, they were asked to specify in a short paragraph. We then asked the participants about their perceived sense of community (7-point Likert scale based on ter Huurne et al. (2020)) and their general propensity to trust (7-point Likert scale based on Wang and Huff (2007)), as well as socio-demographic data, such as age, sex, education level, household net income, and nationality. We also included a marker variable that measured the respondents' attitude toward the color blue based on four items by Miller and Simmering (2022), in order to be able to control for common method bias. A detailed list of all items and their validity and reliability measures can be found in Appendix G.

We preemptively countered potential selection bias regarding the acquisition of participants on voluntary opt-in panels by extending the process to alternative platforms, such as Facebook and LinkedIn, and encouraging people to voluntarily participate in our survey. A variety of measures were incorporated within the survey to ensure high response quality. For example, based on recommendations from the literature (Curran, 2016; Meade & Craig,

2012), we asked participants to describe their experiences in detail and included an attention check (asking participants to select the value of seven on a Likert scale). If participants showed any unusual response patterns or failed the attention check, the data for that participant were removed from the dataset. A total of 278 individuals completed the survey. After screening by the above-mentioned quality standards, the remaining sample consisted of 237 participants (59.1% female;  $M_{\text{age}} = 26.4$  years,  $SD = 5.41$ ). Our sample was very diverse and included participants from all educational backgrounds and income levels. A majority of the participants (78.1% or 185 participants) were German nationals, followed by 17.5% from other European countries (e.g., Austria, France, and the Netherlands) and 4.0% from non-European countries (e.g., China and USA). Table 4.1 contains detailed characteristics of the respondents who participated in the study.

### *Results of Study 2*

#### *Descriptive Statistics*

The analysis began with the descriptive statistics of the sample. As illustrated in Table 4.2, 97.5% of the participants selected Airbnb as their most frequently used home-sharing platform within the last year. The average overall usage duration was 38.5 months. Only 2.5% of respondents used home-sharing platforms once a month or more often; the majority (70.9%) claimed to use them once every six months or once a year. About one-third (32.1%) indicated that they had had at least one negative P2P experience within the last year. For all further analyses, we used a dummy variable to be able to compare those participants without any negative P2P experiences to those participants who reported at least one during the last year.

In terms of trusting beliefs, t-test results showed that those participants that had at least one negative P2P experience reported significantly lower trust in both peers [ $M_{\text{noP2P}} = 5.39$ ,  $M_{\text{P2P}} = 4.69$ ;  $t(113.17) = 4.60$ ,  $p < .001$ ] and the platform [ $M_{\text{noP2P}} = 5.90$ ,  $M_{\text{P2P}} = 5.25$ ;



Respondents' Characteristics	Frequency (n)	%	Ø
<i>Gender</i>			
Male	97	40.42	
Female	142	59.17	
Diverse	1	0.41	
<i>Age (in years)</i>			26.4 years
<i>Education</i>			
No school diploma	0	0.00	
Junior high school (9 years)	0	0.00	
Junior high school (10 years)	2	0.83	
High school diploma	56	23.33	
Bachelor's degree	130	54.17	
Master's degree	48	20.00	
Other	4	1.67	
Prefer not to say	0	0.00	
<i>Monthly household income</i>			
Less than 1,000 EUR	53	22.08	
1,000–1,999 EUR	69	28.75	
2,000–2,999 EUR	35	14.58	
3,000–3,999 EUR	28	11.67	
4,000–4,999 EUR	14	5.84	
More than 5,000 EUR	18	7.50	
Prefer not to say	23	9.58	

Table 4.1 Study 2 respondents' characteristics.

$t(114.89) = 4.09, p < .001$ ], which supports the validity of the reported negative P2P experiences. Moreover, the loyalty intentions were significantly lower for participants with negative P2P experiences compared to those who had no negative P2P experiences [ $M_{\text{noP2P}} = 6.33, M_{\text{P2P}} = 5.78; t(105.27) = 3.29, p = .001$ ].

### Measurement Model

Before beginning the hypothesis testing, we conducted a confirmatory factor analysis (CFA) using SPSS AMOS (Version 28). The CFA achieved a satisfactory model fit: The

	Frequency (n)	%	Ø
<i>Name of home-sharing platform</i>			
Airbnb	234	97.5	
HomeAway	2	0.83	
CouchSurfing	4	1.67	
<i>Relationship duration</i>			38.70 months
<i>Usage frequency</i>			
Once a month or more	7	2.91	
Once every 2–3 months	45	18.75	
Once every 6 months	75	31.25	
Once a year	94	39.17	
Less frequently	19	7.92	
<i>Negative P2P experiences</i>			
No, never	161	67.08	
Yes, rarely	57	24.1	
Yes, sometimes	13	5.5	32.1
Yes, often	5	2.1	
Yes, very often	1	0.4	

Table 4.2 Study 2 Use of home-sharing platforms.

normalized Chi<sup>2</sup> of 1.509 was below the recommended maximum of 3.0 ( $\Delta\text{Chi}^2 = 292.7$ ,  $\Delta\text{df} = 194$ ), the comparative fit index (CFI) was .981 (above .95), and the root mean square error of approximation (RMSEA) was .046 and thus below .05. Appendix G reports the items' factor loadings. Following Fornell and Larcker (1981), the convergent and discriminant validity of the measures were examined. Convergent validity was assessed based on standardized factor loadings above 0.7, which was achieved for all items. In addition, both Cronbach's alpha and composite reliability values were above 0.7, as illustrated in Appendix G and Appendix H. Lastly, all average variance extracted (AVE) values were above a threshold of 0.5. Thus, convergent validity was sufficiently established.

In terms of discriminant validity, the square root of AVE for each construct was greater than the correlations between the construct and any other construct (Hair et al., 2009).

In addition, the HTMT ratios were all below .90 (Henseler et al., 2015). Hence, discriminant validity was also sufficiently established. All correlations and HTMT ratios are provided in Appendix H.

#### *Common Method Bias*

In order to address concerns of common method bias (Podsakoff et al., 2003), we implemented several measures. Apart from mixing the order of the construct scale items throughout the questionnaire (Chang et al., 2010), we also guaranteed the respondents' anonymity at the beginning of the survey and assured them that there were no right or wrong answers. As recommended by Simmering et al. (2015), we used a marker variable to detect any common method bias. To do so, we first included the marker variable in our CFA and covaried it with all the other constructs; this helped ensure a sufficient model fit, as well as the necessary validity and reliability. Next, we conducted another CFA with the marker variable regressed on all indicators of the remaining constructs. Because the validities were still sufficient, we conducted a Chi<sup>2</sup> difference test, comparing the unconstrained model to the zero-constrained model, which was not significant ( $\Delta\text{Chi}^2 = 19.8$ ,  $\Delta\text{df} = 22$ ,  $p = .596$ ). Hence, no measurable bias was detected.

#### *Serial Mediation Analysis*

A serial mediation analysis using the PROCESS macro by Hayes (2018) was performed to analyze whether the negative bottom-up trust transfer found in study 1 can be replicated in a real-life setting. PROCESS Model 6 was used with 5,000 bootstrapping samples and a 95% bias-corrected confidence interval (CI). Age, sex, nationality, usage duration, usage frequency, and propensity to trust were included as control variables. A negative total effect of negative P2P experiences on loyalty intentions toward the platform was observed ( $\beta = -.499$ ,  $p < .001$ ). After entering the mediators into the model, negative P2P experiences had a significant negative effect on peer trust ( $\beta = -.633$ ,  $p < .001$ ), thus

confirming H1a. In line with H1b, the decrease in peer trust subsequently had a significant positive effect on the decrease in platform trust ( $\beta = .591, p < .001$ ), which, in turn, positively affected loyalty intentions toward the platform ( $\beta = .491, p < .001$ ), thus confirming H1c. Hence, in line with H2, the serial indirect effect of negative P2P experiences on loyalty intentions via peer trust and platform trust was significant ( $a \times b = -.1837, 95\% \text{ CI } [-0.3175, -0.0834]$ ).

*Moderated Serial Mediation*

Finally, two moderated serial mediation analyses (PROCESS Models 87 & 83) were run to determine whether relationship satisfaction (a) and sense of community (b) mitigate the serial mediation effect of negative P2P experiences on loyalty intentions toward the platform via a negative bottom-up trust transfer. Again, age, sex, nationality, usage duration, usage frequency, and propensity to trust were included as control variables<sup>2</sup>. For the first overall

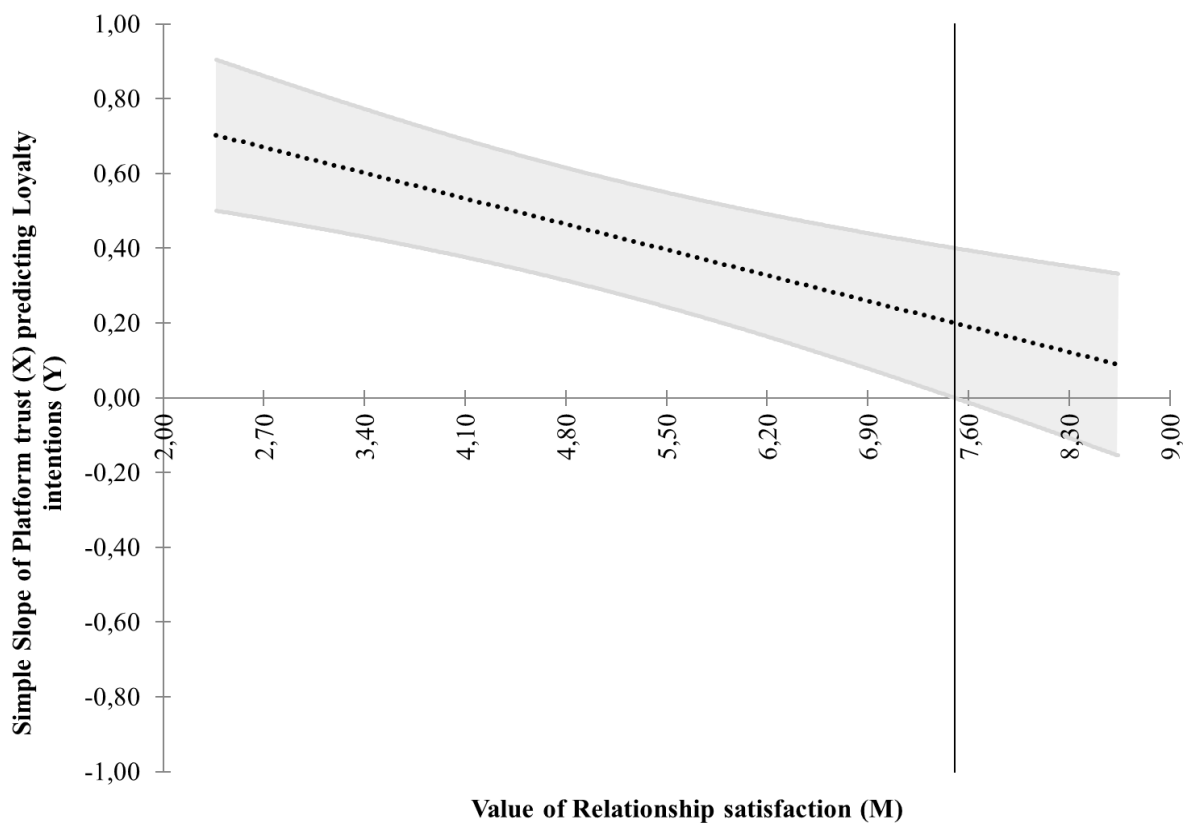


Figure 4.3 Study 2 moderating effect of relationship satisfaction.

model, we included relationship satisfaction as a moderator and sense of community as an additional control variable. The overall model was significant [ $F(12, 222) = 17.51, p < .001$ ], predicting 48.63% of the variance in loyalty intentions toward the platform. The interaction between relationship satisfaction and platform trust was significant ( $\beta = -.091, p = .004$ ), contributing to a 1.99% change in  $R^2$ .

We applied floodlight analysis based on the Johnson–Neyman technique using CAHOST Version 1.0 (Carden et al., 2017) to understand the effect of platform trust on loyalty intentions under the influence of different levels of relationship satisfaction. There were no statistical significance transition points within the observed range of the moderator found using the Johnson-Neyman method (see Figure 4.3). In line with H4, the results further showed that the index of moderated mediation was statistically significant (.0318, 95% CI [0.0045; 0.0671]). Hence, we infer that the serial indirect effect is conditional on the level of perceived relationship satisfaction, such that for users with high relationship satisfaction, the negative bottom-up trust transfer effect is weaker.

A second moderated serial mediation using Model 83 was run with sense of community as the moderating variable and relationship satisfaction as an additional control variable. The overall model was significant [ $F(10, 224) = 19.55, p < .001$ ], predicting 46.60% of the variance in loyalty intentions toward the platform. However, the results showed that the index of moderated mediation was not statistically significant (.0169, 95% CI [-0.0139; 0.0590]). Hence, in contrast to H5, we infer that the serial indirect effect is not conditional on the sense of community. Instead, we found a significant direct effect of sense of community on peer trust ( $\beta = .118, p = .011$ ). A summary of the hypothesis tests can be found in Table 4.3.

	Hypothesis	Result
H1a	A negative P2P experience will have a negative effect on peer trust.	Supported
H1b	A decrease in peer trust will cause a decrease in platform trust.	Supported
H1c	A decrease in platform trust will cause a decrease in platform loyalty.	Supported
H2	There will be a serial indirect effect of negative P2P experiences on platform loyalty via a decrease in peer trust and a subsequent decrease in platform trust.	Supported
H3	The type of negative P2P experience (process-related vs. outcome-related) moderates the serial indirect effect of negative P2P experiences on platform loyalty intentions, such that for outcome-related experiences, the negative bottom-up trust transfer effect is stronger.	Supported
H4	Perceived relationship satisfaction will mitigate the negative indirect effect of negative P2P experiences on loyalty intentions, such that for users with high relationship satisfaction, the negative bottom-up trust transfer effect is weaker.	Supported
H5	A perceived sense of community will mitigate the negative indirect effect of negative P2P experiences on loyalty intentions, such that for users with a high sense of community, the negative bottom-up trust transfer effect is weaker.	Not Supported

*Table 4.3 Hypotheses overview.*

#### 4.4 Discussion

Our research advances the extant research on the dark side of the sharing economy by introducing negative P2P experiences as a characteristic drawback of peer-to-peer interactions in the sharing economy context. Approximately one-third of the survey respondents indicated that they had had a negative P2P experience within the last year. Across both studies, we identified negative P2P experiences as a determinant of consumers' decreasing loyalty intentions toward the platform by showing that consumers with negative P2P experiences reported significantly lower loyalty intentions than those consumers with no negative or positive P2P experiences. Drawing on a negative bottom-up trust transfer effect as the underlying psychological mechanism, we shed light on an underexplored facet of trust in the sharing economy. Our results confirm our assumptions about a decrease in trust progressing counter-hierarchically from peer trust to platform trust and culminating in a decrease in

loyalty intentions toward the platform. Even though a platform lacks institutional control over individual service providers, the fact that it has enabled the interaction that resulted in a negative P2P experience is a sufficiently close association for a negative trust transfer to occur. This is especially true for outcome-related experiences, compared to process-related experiences because they are more strongly attributed to the platform. We further identified relationship satisfaction as an important mitigating factor. By investing in the quality of the user–platform relationship, platform providers can build an effective buffer against negative P2P experiences. Users who are satisfied with their relationship with the platform will be more tolerant to failure caused by peers and will be less likely to exhibit decreasing loyalty intentions. Even though a decrease in peer trust resulting from a negative P2P experience and the transferred decrease in platform trust still occur as an immediate reaction, the negative effect on consumers' loyalty intentions can be mitigated. Although we did not find a significant moderating effect of a sense of community, we would still encourage platform providers to facilitate a sense of community among platform users, as the sociability, support, and sense of belonging that it encompasses (Wellman, 2005) is an important counteracting force that directly bolsters users' peer trust.

#### **4.4.1 Theoretical Implications**

Our study makes three important theoretical contributions. First, we advance the extant literature on the dark side of the sharing economy by identifying negative P2P experiences as a prevalent phenomenon in the sharing economy context that is different from traditional service failures. Due to the characteristic peer-to-peer interactions, negative P2P experiences are a common, yet unavoidable, problem whose drawbacks for the platform need to be adequately considered. While previous literature on traditional service failures has addressed potential consequences for the firm, little is known about negative experiences with independent, individual service providers and their repercussions for the platform as a whole.

While negative P2P experiences are beyond the platform's objective responsibility and control, we show that consumers still attribute them to the platform, thus addressing a call for research on service failure attribution in the sharing economy by Wirtz et al. (2019).

Second, we contribute to the literature on trust in the sharing economy by drawing on trust transfer theory to substantiate one potential theoretical mechanism behind the causal effect of negative P2P experiences on users' loyalty intentions toward the platform. While previous research has established the differentiation between platform trust and peer trust (Hawlitsek et al., 2016; Möhlmann, 2016), this study has not only explored a new antecedent of decreasing peer/platform trust, but also reveals a negative bottom-up trust transfer mechanism through which decreasing peer trust transfers upwards to decreasing platform trust. While top-down trust transfers from a platform to peers have been previously examined (Hong & Cho, 2011; Pavlou & Gefen, 2004), there are only very few studies that focus on the opposite bottom-up trust transfer from peers to the platform (Chen et al., 2009). To the best of the authors' knowledge, no study to date has focused specifically on negative bottom-up trust transfers in a sharing economy context. However, the sharing economy context differs greatly from traditional B2C contexts because it involves two different groups of users (i.e., service providers and service consumers). Furthermore, previous findings on consumer reactions to positive vs. negative service experiences suggest that they may vary depending on the valence of the experience (Barari et al., 2020). As such, the bottom-up trust transfer mechanism requires a context-specific re-examination that focuses specifically on negatively valenced experiences. Our results clearly show that the decrease in peer trust resulting from negative P2P experiences progresses counter-hierarchically via a decrease in platform trust toward a decrease in platform loyalty intentions. Hence, this negative transfer mechanism inherent in triadic trust relationships offers a valuable extension of the literature on trust in the sharing economy.



Lastly, we identify important boundary conditions for this negative bottom-up trust transfer effect. We find that while the bottom-up trust transfer effect occurs for both, negative process-related and negative outcome-related experiences, it is stronger for negative outcome-related experiences because they are perceived to be more in the platform's sphere of responsibility and controllability and thus more strongly attributed to the platform than process-related experiences. Our attribution theory-based approach to differentiating such experiences and investigating their moderating role on negative bottom-up trust transfers is a novel and important contribution to our understanding of the damaging impacts of negative P2P experiences and the psychological mechanisms behind them. In extension of extant literature on traditional service failures, we show that even failures outside of the platform's objective responsibility and control may be attributed to the platform and can cause negative behavioral consequences.

Another important contingency factor is users' perceived relationship satisfaction prior to the negative P2P experience. While the extant research offers extensive insights into service recovery strategies, we argue that apart from being directed at traditional services failures, existing recommendations are often limited to ex post measures, such as apology, explanation, courtesy, or compensation (Arsenovic et al., 2022; Mostafa et al., 2015; Suri et al., 2019). These are suboptimal in the context of negative P2P experiences because the platform provider would need to be informed about all negative P2P experiences in order to react accordingly. However, this is not always the case. Hence, platform providers need to invest in preemptive measures that act as a buffer to negative P2P experiences. Previous studies have identified relationship satisfaction as an important antecedent of loyalty intentions (Clauss et al., 2019; Seiders et al., 2005; Tussyadiah, 2016). Satisfied consumers are more likely than unsatisfied consumers to use sharing platforms again and to recommend sharing platforms to others (Kim, 2019). Similarly, several studies have investigated the role

of trust in determining loyalty intentions (Wang et al., 2020), yet scant research has combined trust and satisfaction to predict loyalty intentions toward sharing economy platforms (Liang et al., 2018). This study identified relationship satisfaction as a moderator that limits the negative repercussions of decreasing platform trust on loyalty intentions. If a platform provider manages to establish sufficient relationship satisfaction prior to a negative P2P experience, this acts as a buffer to prevent a decrease in loyalty intentions.

#### **4.4.2 Managerial Implications**

From a practical perspective, our study offers several valuable managerial suggestions. Addressing platform providers' key challenge to "retain a critical mass of users" (Akhmedova et al., 2020, p. 33), our findings can help managers understand consumers' reactions to negative P2P experiences and their repercussions for a platform. Contrary to the assumption that only failures caused by the platform itself or by its employees will cause behavioral consequences relevant to it, our findings show that even negative experiences that are largely outside of the platform's objective responsibility and control will eventually lead to decreasing loyalty intentions toward the platform. Against this background, we advocate the need for platform providers to acknowledge the negative consequences that can result from negative experiences with individual peers and to address them accordingly. Hence, we encourage platform providers to improve the monitoring of individual users through advanced background checks and verification procedures and/or the implementation of quality standards. We further found that one driver of this negative effect of negative P2P experiences on platform loyalty intentions is a negative trust transfer mechanism. Therefore, building trust in both peers and the platform is key to success in the sharing economy. Thus far, many firms have focused primarily on platform-sided trust-building mechanisms, such as insurance or rating and review systems. Based on our results, we encourage investments in peer-sided trust building to not only foster trust but also create an ex ante buffer against the consequences of

future negative P2P experiences. Increasing consumers' relationship satisfaction up front will act as a buffer to unwanted negative trust transfers resulting from negative P2P experiences. Serving consumers' self-benefit by enhancing utility and allowing cost savings, for example, is an important lever for building relationship satisfaction (Möhlmann, 2015).

#### **4.4.3 Limitations and Future Research**

The current study has several limitations. First, despite looking more closely at two common types of negative P2P experiences in study 1, consumer reactions may differ for more serious problems, such as fraud, assault or injury. Future studies should consider such complexities and examine different mitigation strategies based on the level of severity.

Second, Essay 3 focuses on the establishment of a negative bottom-up trust transfer mechanism, but the remaining direct effects in both study 1 and study 2 suggests that there may be other factors that possibly explain the effect of negative P2P experiences on consumers' loyalty intentions toward the platform. Although our models explain a high percentage of the variance in platform loyalty intentions, future research should examine other potential mechanisms in order to gain a more complete understanding of the effect of negative P2P experiences.

Lastly, researchers could examine other ways to mitigate the negative consequences of negative P2P experiences. Our investigation focuses on the effect of two broader constructs: relationship satisfaction (a) and sense of community (b). Continued research could examine more specific measures, such as the presence of review systems or concrete security measures.

#### **4.5 Conclusion**

With peer-to-peer interactions largely shaping user experiences in the sharing economy, research needs to move beyond the traditional view of trust as a dyadic construct. Despite the fact that negative experiences between individual peers do not originate from the

platform or its employees, users still attribute at least part of the responsibility to the platform, especially in the case of negative outcome-related experiences. Drawing on both, trust transfer theory and attribution theory, this essay finds a negative bottom-up trust transfer effect from peers to the platform which ultimately leads to a decrease in platform loyalty intentions. In addition, I identified relationship satisfaction as an important mitigating factor. Investing in a strong user–platform relationship can help platform providers build an effective buffer against negative P2P experiences. Through these findings, this essay opens up interesting avenues for future research on the role of trust in non-dyadic settings.

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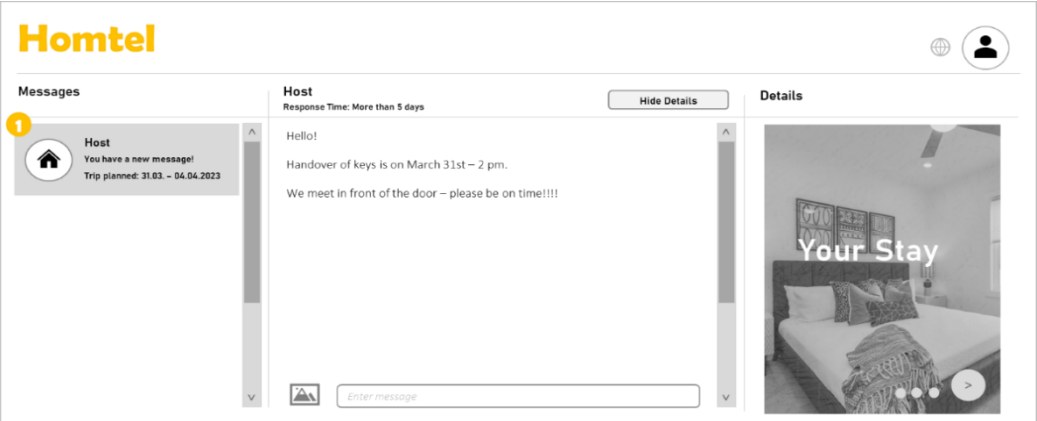
4.7 Appendices

Appendix F

Study 1 scenarios

**Negative process-related experience**

After you have booked a suitable accommodation via "Homtel", you contact the host to find out more about the arrival and possible activities in the area.  
 The host answers several days later (one day before the start of your trip). The answer is very brief and only includes the time and place for handing over the keys. The host does not address your question about possible excursion destinations in the surrounding area in his message.

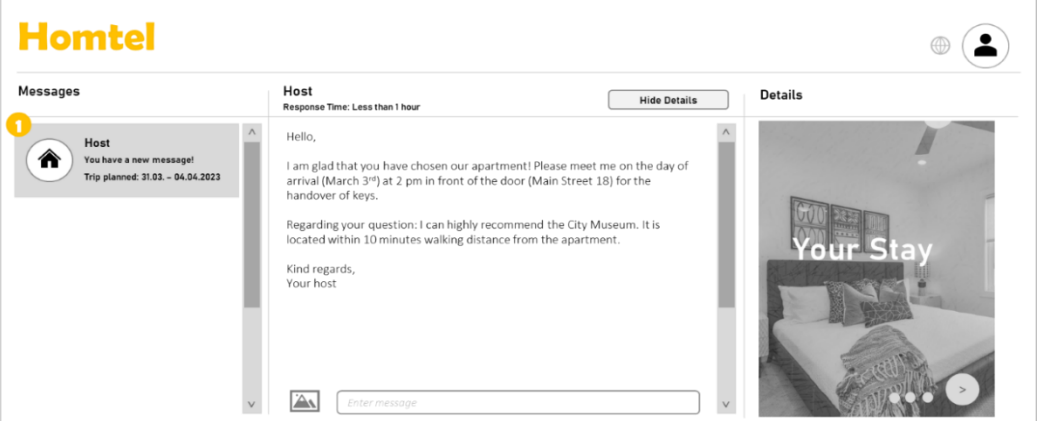


The screenshot shows a Homtel messaging interface. On the left, a notification says 'Host: You have a new message! Trip planned: 31.03. - 04.04.2023'. The main message area shows a message from the 'Host' with a 'Response Time: More than 5 days'. The message text reads: 'Hello! Handover of keys is on March 31st - 2 pm. We meet in front of the door - please be on time!!!!'. There is an input field for 'Enter message' at the bottom. On the right, a 'Details' section shows a photo of a bedroom with the text 'Your Stay' overlaid.

On the day of arrival, the host arrives an hour late at the agreed meeting point. He is unfriendly, seems dismissive and is unhelpful when you ask about excursions in the area.  
 When you enter the apartment, everything is as expected. Everything looks like in the pictures the host had advertised.

**Positive process-related experience**

After you have booked a suitable accommodation via "Homtel", you contact the host to find out more about the arrival and possible activities in the area.  
 The host answers shortly after. The answer is friendly and includes the time and place for handing over the keys and a suggestion for a nearby excursion.



The screenshot shows a Homtel messaging interface. On the left, a notification says 'Host: You have a new message! Trip planned: 31.03. - 04.04.2023'. The main message area shows a message from the 'Host' with a 'Response Time: Less than 1 hour'. The message text reads: 'Hello, I am glad that you have chosen our apartment! Please meet me on the day of arrival (March 3<sup>rd</sup>) at 2 pm in front of the door (Main Street 18) for the handover of keys. Regarding your question: I can highly recommend the City Museum. It is located within 10 minutes walking distance from the apartment. Kind regards, Your host'. There is an input field for 'Enter message' at the bottom. On the right, a 'Details' section shows a photo of a bedroom with the text 'Your Stay' overlaid.

On the day of arrival, the host arrives punctually at the agreed meeting point. He is friendly, seems open-minded and is very helpful when you ask about further excursions in the area.  
 When you enter the apartment, everything is as expected. Everything looks like in the pictures the host had advertised.

**Negative outcome-related experience**

After you have booked a suitable accommodation via "Homtel", you contact the host to find out more about the arrival and possible activities in the area. His response is adequate and contains all the information you want.

When you enter the apartment, you notice that it is not as you expected. It does not correspond to the pictures that the host had advertised. The apartment is dark, does not seem properly cleaned and despite closed windows you can hear the noise of the street. In addition, there are still dirty dishes in the sink.

**Positive outcome-related experience**

After you have booked a suitable accommodation via "Homtel", you contact the host to find out more about the arrival and possible activities in the area. His response is adequate and contains all the information you want.

When you enter the apartment, you notice that it is exactly as you expected. The apartment is bright, appears properly cleaned, and is very quiet despite its location on a busy street.



**Appendix G**

**Study 1 measurement model**

Variables	Items	Loadings	Cronbach's $\alpha$
<b>Manipulation Check Valence</b> (self-developed)	Overall, how do you rate the experience? (very negative – very positive)		
<b>Platform Attribution</b> (adapted from Russell, 1982)			.744
ATTPLAT1	In your view, to what extent was the "Homtel" platform responsible for this experience?	.717	
ATTPLAT2	In your view, to what extent was this experience controllable for the "Homtel" platform?	.827	
<b>Loyalty</b> (adapted from Schumann et al., 2014)			.961
LOY1	I would use the platform again.	.936	
LOY2	I would recommend the platform to friends and acquaintances.	.950	
LOY3	I would consider the platform as the first choice when it comes to home-sharing platforms.	.949	
<b>Peer Trust</b> (adapted from Mittendorf et al., 2019)			.965
PeTru1	Other platform users are generally reliable.	.920	
PeTru2	Other platform users are generally honest.	.919	
PeTru3	I trust other platform users.	.952	
PeTru4	I believe other platform users are trustworthy.	.946	
<b>Platform Trust</b> (adapted from Mittendorf et al., 2019)			.977
PlaTru1	I believe that this platform is trustful.	.972	
PlaTru2	I trust this platform.	.968	
PlaTru3	I believe this platform is trustworthy.	.959	
			.949

**Propensity to Trust**

(adapted from  
Khoa et al., 2020)

PROP1	Most people are trustworthy.	.932
PROP2	Most people can be relied upon to tell the truth.	.953
PROP3	In general, people can be trusted to do what they say they will do.	.929

**Perceived Realism**

(adapted from Swanson & Kelley, 2001)  
I found the situation presented to be...  
(not at all realistic – very realistic)

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*Note: All variables were measured using 7-point Likert scales.*

**Study 2 measurement model**

Variables	Items	Loadings	Cronbach's $\alpha$
<b>Negative P2P experience</b> (self-developed)	Have you had negative experiences with other users of this platform in the past year? (No, never – Yes, very often)		
<b>Loyalty</b> (adapted from Schumann et al., 2014)			.909
LOY1	I would use the platform again.	.903	
LOY2	I would recommend the platform to friends and acquaintances.	.935	
LOY3	I would consider the platform as the first choice when it comes to home-sharing platforms.	.805	
<b>Peer Trust</b> (adapted from Mittendorf et al., 2019)			.937
PeTru1	Other platform users are generally reliable.	.876	
PeTru2	Other platform users are generally honest.	.881	
PeTru3	I trust other platform users.	.904	
PeTru4	I believe other platform users are trustworthy.	.897	
<b>Platform Trust</b> (adapted from Mittendorf et al., 2019)			.960
PlaTru1	I believe that this platform is trustful.	.941	
PlaTru2	I trust this platform.	.955	
PlaTru3	I believe this platform is trustworthy.	.937	
<b>Relationship Satisfaction</b> (adapted from Seiders et al., 2015)			.931
RELSAT1	I am pleased with the overall offering of the platform.	.882	
RELSAT2	Using the platform is a very delightful experience.	.936	
RELSAT3	I am completely satisfied with the platform.	.900	
			.951

**Sense of Community**(adapted from  
ter Huurne et al., 2020)

SECOM1	I feel a strong bond with other users.	.902
SECOM2	I find it very easy to bond with other users.	.757
SECOM3	I feel a sense of connection with other users.	.938
SECOM4	I feel a sense of friendship with other users.	.836
SECOM5	Using the platform gives me a sense of community with other users.	.892
SECOM6	I feel a sense of belonging with other users.	.923

**Propensity to Trust**(adapted from  
Khoa et al., 2020)

.933

PROP1	Most people are trustworthy.	.896
PROP2	Most people can be relied upon to tell the truth.	.899
PROP3	In general, people can be trusted to do what they say they will do.	.927

**Blue Attitude  
[marker variable]**(adapted from Miller &  
Simmering, 2022)

.922

BLUE1	Blue is a beautiful color.	.961
BLUE2	Blue is a pleasant color.	.877
BLUE3	Blue is a sympathetic color.	.725
BLUE4	I like the color blue.	.904

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*Note: All variables, except negative P2P experiences (5-point Likert scale), were measured using 7-point Likert scales.*



**Appendix H**

**Study 1 Correlations Table**

Variable	M	SD	1	2	3	4	5	AVE	CR	MSV
1. Platform Attribution	4.45	1.34	<b>.774</b>					.599	.748	.138
2. Loyalty	4.64	1.79	.229**	<b>.945</b>				.893	.962	.846
3. Peer Trust	4.40	1.48	.322**	.833**	<b>.934</b>			.873	.965	.834
4. Platform Trust	4.50	1.65	.293**	.894**	.883**	<b>.966</b>		.934	.977	.846
5. Propensity to Trust	4.19	1.32	.274**	.258**	.393**	.358**	<b>.929</b>	.863	.950	.166

*Note: The values on the diagonal represent the square root of AVE.*

**Study 1 HTMT Ratio Analysis**

Variable	1	2	3	4	5
1. Platform Attribution					
2. Loyalty	0.229				
3. Peer Trust	0.322	0.833			
4. Platform Trust	0.294	0.894	0.883		
5. Propensity to Trust	0.275	0.258	0.393	0.358	

**Study 2 Correlations Table**

Variable	M	SD	1	2	3	4	5	6	AVE	CR	MSV
1. Loyalty	6.15	1.07	<b>.883</b>						.779	.913	.415
2. Peer Trust	5.16	1.02	.463**	<b>.890</b>					.791	.938	.425
3. Platform Trust	5.69	1.06	.601**	.618**	<b>.944</b>				.892	.961	.425
4. Relationship Satisfaction	5.50	1.04	.552**	.417**	.483**	<b>.906</b>			.821	.932	.347
5. Sense of Community	2.83	1.46	.174**	.356**	.230**	.090	<b>.877</b>		.769	.952	.129
6. Propensity to Trust	4.50	1.33	.230**	.465**	.306**	.221**	.338**	<b>.907</b>	.823	.933	.241

*Note: The values on the diagonal represent the square root of AVE.*

**Study 2 HTMT Ratio Analysis**

Variable	1	2	3	4	5	6
1. Loyalty						
2. Peer Trust	0.461					
3. Platform Trust	0.602	0.621				
4. Relationship Satisfaction	0.552	0.416	0.485			
5. Sense of Community	0.171	0.351	0.230	0.082		
6. Propensity to Trust	0.229	0.465	0.307	0.221	0.337	

## 5. General Discussion

Consumers' trust-based decision-making strategies in privacy-relevant online contexts are a highly complex and multifaceted phenomenon that requires differentiated research attention. Over the last years, technological advancements and new legal requirements have changed the online data disclosure landscape. While many firms have long acknowledged the need to collect consumer data, in order to provide personalized product recommendations and targeted advertising, they are faced with consumers' increasing privacy concerns. Building trust is a key source of competitive advantage and long-term consumer-firm relationships. Within this dissertation, I attempted to answer the overarching research question of how the peculiarities of multi-stage and multi-actor settings shape consumers' trust towards a firm and how this, in turn, affects their willingness to disclose personal data online. I conducted three independent essays in different privacy-relevant online contexts to answer this question.

To this end, Essay 1 provides a systematic overview of pre- and post-disclosure trust-building factors, identifies different trust-building mechanisms and provides avenues for future research. Essay 2 addresses privacy assurance appeals as trust-building factors triggering affective processing in determining the willingness to enter the data disclosure process as a pre-disclosure decision-stage. As such, this essay underlines the importance of providing privacy-relevant information early on in the decision-making process, as this information seems to be a prerequisite for consumers' willingness to enter the data disclosure process. At the same time, the results suggest that, rather than analyzing and deliberately processing the information provided, consumers perform a simple affective valence assessment of that information during the initial decision stage. Lastly, Essay 3 identifies a negative bottom-up trust transfer effect as driving loyalty intentions in a multi-actor, sharing economy context, thereby highlighting the importance of attribution and the possibility of trust being transferred between different trustees. The results further allowed the identification of relationship satisfaction as a mitigating factor. Users who are satisfied with their

relationship with the platform will be more tolerant toward negative peer-to-peer experiences and will be less likely to exhibit a decrease in trust and a resulting decrease in loyalty intentions toward the platform.

In this chapter, I will discuss and synthesize the theoretical and managerial implications that can be derived from these three essays, thus moving beyond the individual contributions of each essay. After outlining the limitations of my dissertation, I will end with a brief conclusion and outlook.

## **5.1 Theoretical Implications**

### **5.1.1 Trust in Multi-Stage Data Disclosure Decisions**

First, this dissertation contributes to the extant literature on privacy-related decision-making and consumer data disclosure, by considering multi-stage decision-processes. While most research focuses on the actual data disclosure decision (Martin & Palmatier, 2020), very little insights into pre- and post-disclosure decision stages exist (Bidler et al., 2020; Costante et al., 2015).

However, the peculiarities of those pre- and post-disclosure decision stages may determine cue effectiveness as well as consumers' underlying decision-making mechanisms. For example, the pre-disclosure stage is often characterized by limited time and incomplete information, thus limiting decision-makers' ability to rationally weigh the pros and cons of data disclosure. Establishing trust at this early stage is crucial because it builds the foundation for the entire consumer-firm relationship.

By identifying different pre-disclosure trust building factors as part of Essay 1, I find that the extant research still focuses heavily on seemingly rational arguments, such as privacy assurances (e.g., privacy policies or privacy seals) that are meant to encourage data disclosure by either increasing perceived benefits or decreasing perceived risks within the privacy calculus and thus building cognition-based trust. Yet, based on the findings of Essay 2, I reveal that in pre-disclosure contexts, the willingness to enter the data disclosure process is

actually driven primarily by affective processes, even when individuals were presented with a seemingly cognitive privacy assurance appeal. In line with Kehr et al. (2015) and O'Brien (1971), it seems that the pre-disclosure context plays an important role in determining the psychological processing mechanisms, as well as consumers' stage-specific information needs. Due to the limited time and information available to decision-makers at the pre-disclosure stage, they base their data disclosure decisions on how they feel about the data disclosure situation, rather than on an elaborate cognitive analysis, thus relying on affect-based trust.

Similarly, the trust individuals place in data-collecting firms after they have disclosed their data is crucial for ensuring that consumers (continue to) feel confident that their data will be used responsibly and ethically. While some research has started to evaluate trust from a process- perspective in which the repeated interactions between the trustor and the trustee lead to trust formation (Urban et al., 2009), the majority of studies reviewed as part of Essay 1 still view trust as either a personal characteristic or as a rather constant belief (e.g., Aljukhadar et al., 2010; Bandara et al., 2020).

Against this background, I advocate the need to further investigate the post-disclosure stage, its underlying psychological processes and its effect on future data disclosure decisions, in order to derive a more holistic understanding of online data disclosure decision-making as an iterative process. Future research in this direction might help to solve the problem of partially contradictory findings that have, in part, resulted from a lack of consideration for the decision stage under study.

### **5.1.2 The Psychological Mechanisms Behind Consumers' Privacy-Related Decision-Making**

Second, addressing a call for research on the non-rational aspects of online self-disclosure by Bol et al. (2018), both Essay 1 and Essay 2 investigate affect-based processing routes underlying privacy-related decision-making. An emerging stream of research has

started to acknowledge that in contrast to the widely shared assumption of consumers' privacy-related decision-making being purely based on cognition, limited time, incomplete information and bounded rationality call for complementary affective processes (Acquisti & Grossklags, 2005; Kehr et al., 2015).

While there seems to be growing agreement on the duality of cognitive and affective processes, various models have been proposed in terms of the processing order. In line with Zajonc's affective primacy hypothesis (1980) and the so-called affect heuristic (Finucane et al., 2000; Slovic et al., 2007), I find that affective processes are particularly important for the pre-disclosure decision stage. The findings of Essay 2 show that although decision-makers value privacy-relevant information early on in the decision-making process, that information is not processed cognitively, but affectively. This finding suggests that cognitive appeals have an innate affective quality that becomes particularly important during the pre-disclosure decision stage. Hence, I build on my previous contribution to further advance the extant literature on consumer data disclosure, as well as the emerging research stream on affect in privacy-related decision-making (Gerlach et al., 2019; Kehr et al., 2015; Wakefield, 2013) by emphasizing the need to employ a dual-processing perspective for holistically explaining online data disclosure situations.

In addition, this dissertation helps to clarify the role of trust in online data disclosure decisions. Whereas the traditional understanding of trust in data disclosure decisions was long bound by the focus on a deliberate risk-benefit trade-off analysis, the emerging research stream on the role of affect has also shed light on the affective facet of trust. Rather than just acting as a cognitive counterweight to perceived risks within the privacy calculus, trust as an intuitive feeling of confidence in the trustee may also affect consumers' data disclosure decisions directly. Essay 1 reviews the extant literature on affect-based trust in online data disclosure decisions. As such, this dissertation contributes to researchers' ongoing interest in how trust drives consumer data disclosure (Fox et al., 2022; Lappeman et al., 2023).

### 5.1.3 Non-Dyadic Trust-Building

Third, this dissertation contributes to the literature on the role of trust in privacy-relevant online contexts by investigating the transferability of trust in multi-actor contexts. While trust is a prominent topic in terms of online data disclosure decisions, the extant literature has largely focused on dyadic consumer-firm disclosure situations (Smith et al., 2011; Martin & Palmatier, 2020).

Yet, modern data disclosure situations increasingly involve additional actors. For example, when using social media or sharing economy platforms, consumers are disclosing personal information not only to the platform, but also to their peer users. It is therefore important to understand, how consumers can build trust in fellow users of social media- or sharing economy-platforms and how this might affect their trust towards those platforms.

Essay 3 finds empirical evidence for a negative bottom-up trust transfer resulting from negative experiences between peers. In contrast to top-down trust transfers from a platform to peers that have been previously examined more extensively (Hong & Cho, 2011; Pavlou & Gefen, 2004), there are only very few studies that focus on the opposite bottom-up trust transfer from peers to the platform (Chen et al., 2009). Despite the fact that negative peer-to-peer experiences are beyond the platform's objective control, these experiences are partially attributed to the platform, thus causing a decrease in platform loyalty intentions. Findings further reveal that these negative consequences for the platform as a whole may be mitigated by the level of relationship satisfaction established prior to the negative peer-to-peer experience. Users who are satisfied with their relationship with the platform will be more tolerant to failure caused by peers and will be less likely to exhibit decreasing loyalty intentions.

By investigating trust in multi-actor contexts, this dissertation sheds light on another underexplored facet of trust. As such, I account for the reality of modern data disclosure

situations, thus helping researchers to better understand consumers' privacy-related decision-making involving trust.

## **5.2 Managerial Implications**

### **5.2.1 Accounting for Multi-Stage Data Disclosure Decision Processes**

From a managerial perspective, this dissertation offers valuable insights for firms aiming to encourage consumer data disclosure. More specifically, the findings of this dissertation suggest that it is important to consider pre- and post-disclosure decision stages when trying to map consumers' complete decision-making processes. Despite the fact that many firms are already making an effort to encourage consumer data disclosure by building trust, their focus has largely remained with the actual data disclosure decision. I advise managers to carefully consider how consumers can be encouraged to enter the data disclosure process in the first place. In terms of establishing trust between consumers and firms, both Essay 1 and Essay 2 suggest that privacy assurances have proven to be an effective means to do so, especially for users with limited experience or high levels of skepticism.

In addition, firms need to carefully consider the post-disclosure stage in addition to the pre-disclosure and actual disclosure stages. Based on viewing trust as a process, rather than as a static trait or ad-hoc belief, managing consumers' post-disclosure experiences is an integral part of establishing long-term consumer relationships and facilitating future data disclosure. Consumers feeling tricked or experiencing regret after disclosing personal data will have a negative impact on trusting beliefs and any future consumer-firm interactions. Therefore, accounting for multi-stage decision processes and supporting consumers along that journey are essential for creating a holistic data disclosure experience.

### **5.2.2 Understanding the Role of Affect in Building Trust and Encouraging Data Disclosure**

Instead of focusing exclusively on cognition-based trust-building mechanisms, firms should start to consider the role of affective processes in building trust and informing



consumers' data disclosure decisions. These processes are particularly relevant in situations where consumers have only limited time or information available to them, such as during the pre-disclosure decision stage. Based on the findings from Essay 1, I advise managers to design affect-inducing data disclosure request, for example by hinting at the firm's good reputation or by using benevolence cues.

Moreover, Essay 2 suggests that even seemingly cognitive cues, such a privacy assurance appeals may have an inherent affective quality when presented to consumers during the initial decision to enter the data disclosure process. Compared to a generic appeal, the privacy assurance appeal increases consumers' willingness to enter the data disclosure process because individuals rely on their positive affective reactions to the mere presence of privacy-relevant information. This finding helps firms design data disclosure requests that are conducive to disclosure behavior by aligning the appeal with the psychological affordances of the decision stage. With the actual data disclosure decision being more critical to decision-makers' privacy, those decisions may, in turn, be more reliant on cognitive processes, such as deliberate risk-benefit trade-off analyses and thus require different types of cues.

### **5.2.3 Mitigating a Loss of Trust Resulting from Non-Dyadic Settings**

In addition to accounting for multi-stage data disclosure processes, managers should also be aware of multi-actor settings. Modern data disclosure situations, for example in the context of social media or the sharing economy, often go beyond the traditional dyad of consumer-firm interactions (Kapoor et al., 2017; Möhlmann & Geissinger, 2018). Although peer-to-peer interactions are not controlled by the platform itself, any negative consequences resulting from those interactions may still be attributed to the platform that has allowed this experience to happen. As a result, it becomes important for firms to understand how a loss of trust resulting from potential negative peer-to-peer experiences can be mitigated.

Essay 3 identifies prior relationship satisfaction as an important buffer against any negative spillovers resulting from a loss of trust in peers and a subsequent loss of trust in the

platform. Whereas ex-post measures, such as apology or compensation may be of additional value in restoring consumers' loyalty towards the platform after a negative peer-to-peer experience (Arsenovic et al., 2022; Mostafa et al., 2015; Suri et al., 2019), they are suboptimal because the platform provider is not usually informed about all of those experiences. Instead, I advise managers to invest in preemptive measures that act as a buffer to negative peer-to-peer experiences before they have even happened.

### **5.3 Limitations and Future Research**

While this dissertation makes several valuable contributions to the extant research on consumers online data disclosure decisions, a few limitations need to be noted.

First, this dissertation focuses on multi-stage data disclosure decisions. Yet, the post-disclosure decision stage was only conceptually considered by means of the extant research findings in this area that were analyzed as part of the structured literature review in Essay 1 (e.g., Bansal & Zahedi, 2015; Martin, 2018; 2020). Future research might investigate the effect of different trust-building factors employed during the post-disclosure decision stage, as well as any potential transfer effects across decision stages. For example, the effect of privacy assurance appeals presented as part of the data disclosure request may span several decision stages and cause consumers to evaluate the post-disclosure stage more favorably because of their lasting impact on consumers' trusting beliefs (e.g., Aiken & Boush, 2006).

Second, while I have contributed to the extant knowledge on the role of affective processes in privacy-related decision-making, I have only focused on one decision-stage at a time. Continued research comparing different processing routes across decision-stages would further add valuable insights to the debate around processing order. Gaining additional insights on how affect influences the decision to actually disclose personal data, compared to the decision to enter the data disclosure process would allow practitioners to tailor their data disclosure processes accordingly. Similarly, while I have provided empirical evidence for a trust transfer effect across different trustees (i.e., from peers to a platform provider), the

possibility for a trust transfer across decision stages warrants additional research in this area. On the one hand, trust built during the pre-disclosure stage could be transferred to the actual- and post-disclosure stages and act as a buffer against any unpleasant data disclosure experience or data breach incident. On the other hand, building a high level of trust at the beginning of a data disclosure process could also backfire because those consumers have higher expectations about a trusted firm's integrity and will thus experience higher levels of emotional violation (Robinson & Morrison, 2000).

Third, while multi-stage and multi-actor settings are important peculiarities of modern data disclosure situations, continued research on additional facets of online data disclosure is needed. Among other things, investigating consumer responses to data disclosure settings facilitated by emerging technologies, such as IoT or AI, would be a fruitful avenue for future research. In addition, researchers could add new facets to the extant research by expanding the scope of the dependent variables used in the context of privacy-related decision-making. Rather than looking only at consumers' willingness to disclose or at their actual disclosure behavior, future studies could focus more on alternative responses, like falsifying or withholding data (Bandara et al., 2021; Martin et al., 2017; Miltgen & Smith, 2019). Insights into what amount of the data disclosed online is falsified and what could mitigate these behaviors would enhance our understanding of privacy-related decision-making and prove useful for marketers' strategic choices.

#### 5.4 References

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## 6. Conclusion

Consumer data disclosure has become an omnipresent phenomenon in today's online world. Many firms are increasingly relying on consumer data for generating a competitive advantage and a growing number of 21<sup>st</sup> century business models is entirely built on data. Yet, the ubiquitous data collection efforts have come with the downside of increasing online privacy concerns and consumer reactance.

Building trust has been identified as an important strategy to overcome these concerns and to encourage online data disclosure. Contributing to the extant research on consumers' trust-based decision-making strategies in privacy-relevant online contexts, this dissertation emphasizes the need to account for the peculiarities of modern data disclosure situations, such as multi-stage and multi-actor settings. By examining consumers' privacy-related decision-making in pre- and post-disclosure stages, I identify a variety of trust-building factors that firms can use to improve their data collection efforts.

In particular, I find that privacy assurance appeals are highly effective in a pre-disclosure context because they positively influence consumers' initial affective valence assessment. Moreover, I find that trust is transferable between different trustees, which is particularly relevant for multi-actor disclosure settings, such as social media or sharing economy contexts. As such, this dissertation provides actionable recommendations for data-collecting firms that are facing the challenge of establishing data-based relationship marketing and aiming to encourage consumers' trust-based data disclosure. Finally, I provide fruitful avenues for future research on the peculiarities of modern data disclosure situations, such as trust transfers across decision stages or data disclosure settings facilitated by emerging technologies.