



Permission Marketing and Privacy Concerns — Why Do Customers (Not) Grant Permissions?



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Abstract

Little is known about the influence of motivators that drive consumers to grant permission to be contacted via personalized communication. In this study, a framework is developed to investigate the effect of select drivers of consumers granting permission to receive personalized messages. The authors distinguish between drivers related to benefit and cost to the consumers. They identify the influence of perceived personal relevance, entertainment, and consumer information control as well as monetary incentives and lottery participation as benefit-related factors. Cost-related factors entail the registration process, privacy concerns, and perceived intrusiveness. The authors find that, except for monetary incentives and lottery participation, the identified drivers significantly influence consumers' decision to grant permission. The strong negative influence of privacy concerns on the probability of granting permission can be lessened by two benefit-related factors, namely message content with entertainment value or personal relevance for the consumer. The study helps to improve firm measures aimed at getting more permissions — granted by customers for interactive campaigns.

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Keywords: Communication; Interactive marketing; Privacy concerns; Permission marketing

Introduction

Nowadays, potential customers can be reached with relevant and individualized messages. However, consumers often perceive such messages as an intrusion of their privacy, which creates a challenge for companies. To address such concerns and meet legal requirements, upfront permission by consumers provides an interesting option for future interaction. This concept, known as permission marketing (Godin 1999), refers to direct marketing activities that require consumers' consent to be contacted by a specific company. These messages are mutually beneficial as they are anticipated, personal, and relevant (Godin 1999).

Permissions do not only have a positive influence on consumers' responses towards interactive marketing activities (Tsang, Ho, and Liang 2004), but they are also a legal requirement and, therefore, crucial for companies that use direct marketing

media. In the USA, this issue was triggered by the global discussion about data exchange and misuse (Court of Justice of the European Union 2015). Similarly, the most recent European data protection law impedes the targeted dissemination of individualized interactive marketing activities. Aimed at giving consumers more control of their personal data, the revised law extends the definition of personal data and establishes a universal need regarding consent for any use of personal data. Experts anticipate this law to cause a damaging impact on the online advertising industry (O'Reilly 2015) and wipe out the enormous profit potential of, for instance, targeted mobile marketing offers (Fong, Fang, and Luo 2015).

Permission marketing appears to be an auspicious solution to legal issues and privacy concerns and provides a suitable way of reaching out to customers (Kumar, Zhang, and Luo 2014). Consumers are likely to choose from a large set of vendors, but will probably only grant permission to a few firms. Consequently, companies with a substantial number of consenting customers have a competitive advantage over their business rivals. These companies are not only able to use targeted media to engage with

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