



# Experiential Engagement and Active vs. Passive Behavior in Mobile Location-based Social Networks: The Moderating Role of Privacy

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## Abstract

The study aims to understand how social media and mobile change customer experiences and influence the online active behavior. We explore how leveraging differently on experiences that the users live online helps to increase experiential engagement and mitigate the negative influence of privacy concern on the active use of location-based social networking applications. We conceptualize experiential engagement as a second-order construct that is manifested in two first-order “experience” constructs (Personal Engagement and Social Interactive Engagement). We theorize that our engagement constructs are causally related to consumer active and passive use of a mobile location-based social network and we test ( $n = 379$ ) the moderating role of privacy concern on this relation in EU and the US. Findings show that Personal Engagement plays an important role influencing active usage when users are more concerned with privacy issues. Social Interactive Engagement shows a significant effect on passive usage meaning that the more people experience a deep sense of community the more they are interested in reading other comments or collecting information. Managerial implications are discussed.

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*Keywords:* Personal Engagement; Social Interactive Engagement; Mobile location-based social networks; Experiential engagement; Privacy concern

## Introduction

Internet-capable mobile phones have changed the way people communicate, interact and take advantage of the Internet, allowing them to access the Web whenever they want and wherever they are. With the growth of mobile, it's more and more important for marketers to participate in this rapidly evolving channel. In recent years new applications specifically designed for mobile devices, such as location-based social networking (LBS) applications, have been gaining notoriety. These applications combine location specificity and interactivity, allowing users to connect with others based on their current locations.

These applications open up new business opportunities by allowing customers to “check in” to businesses or addresses

and then instantly share the information with friends and connections also on social networks. Customers can share tips, reviews and other feedback that can boost a business's public profile and generate positive word of mouth. LBS has substantial implications for how people shop, how data is collected and analyzed, and online word of mouth as a tool for decision making via uncertainty reduction. Moreover, location-based social networking applications offer inexpensive, quick and effective means of engaging customers and build a strong relationship with them. A driving force for engagement seems to be a reward system within the application, which allows users to receive points or awards for accruing a certain number of “check-ins.” It helps that users who participate in these location-based social networks seem to be extremely “social” by nature, more than those who use traditional social networks (Butcher 2011). They tend to be opinionated and do not mind being vocal and outspoken when it comes to brand loyalty.

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Despite their numerous advantages and data analytics implications, practitioners and users have raised concerns about privacy and data security within these applications. Whenever a user checks in with his/her application he/she makes his/her position potentially identifiable to everyone, privacy concerns have been long believed to be the primary reason for users not participating in location-based social networks. This issue is becoming more and more relevant for researchers as well as practitioners as consumer privacy concerns can influence behavior in the mobile context. The Federal Trade Commission (FTC) has worked on privacy issues for more than forty years, and in 2000 began considering the privacy implications raised by consumers' growing use of mobile devices. Most recently, in May 2012, the FTC hosted a mobile privacy panel discussion that focused on transparency (Federal Trade Commission 2013).

Most Internet users are acutely aware that their digital activities leave many kinds of information behind, and that data may be used and shared in ways they know nothing about. Many consumers in Western Europe are especially sensitive about data derived from mobile devices, including details of their location (eMarketer 2016).

In this paper, we explore how location-based social media and mobile change customer experiences and the online consumer behavior. While LBS has been widely studied in more utilitarian mobile computing contexts (i.e. finding things and finding places), there has been relatively less focusing on social network LBS. Moreover, this type of service is permission-based as the users through the check in give the business permission to send a message or collect data.

The purpose of this study is to understand how leveraging differently on experiences that the users live helps to mitigate the negative moderating influence of privacy concern on the relationship between engagement and stimulate the active use of location-based social networking applications. Companies are more and more interested in collecting quantitative and qualitative data in order to better profile their customers and it is more and more important to identify which experiences (influencing the personal or social interactive engagement) may stimulate the active behavior of the customers. In this paper, we first conceptualize engagement as a second-order construct that is manifested in various first-order "experience" constructs (Calder and Malthouse 2008). We consider two types of engagement: Personal Engagement and Social Interactive Engagement. We theorize that our engagement constructs are causally related to consumer active and passive use of a location-based social networking application and we explore the moderating role of privacy in this relationship. Then, we test our hypotheses on a sample of 379 location-based social networking applications users in Europe and the US. Our paper concludes with a discussion of results, their implications, limitations, and suggestions for future research.

## Theoretical Framework and Hypotheses

### *Consumer Engagement*

Engagement has been described as users' activities, attitudes (Kappelman 1995), goals and mental models (Said 2004), or as

the state of being involved, occupied, and interested in something (Calder and Malthouse 2008; Higgins 2006; Judd and McClelland 1989; Laurel 1993; Malthouse, Calder, and Tamhane 2007; O'Brien and Toms 2008).

In marketing it is commonly referred to as 'customer engagement' (Bowden 2009) defined as "a psychological process that models the underlying mechanisms by which customer loyalty forms for new customers of a service brand as well as the mechanisms by which loyalty may be maintained for repeat purchase customers of a service brand" (Bowden 2009, p. 65). In his model Bowden (2009) proposes customer engagement as a process which includes: (1) the formation of a state of calculative commitment for new customers which is considered to be a largely cognitive basis for purchase; (2) increased levels of involvement concomitantly supported by increased levels of trust for repeat purchase customers, and (3) the development of affective commitment toward the service brand which is considered to be a more emotive basis for purchase and which may ultimately eventuate in a state of enduring brand loyalty.

Customer engagement has been used as a synonym of other constructs: involvement (Sawhney, Verona, and Prandelli 2005), activation (Etgar 2008), commitment as a consequence of engagement and a permanent positive disposition by the user (Moorman, Deshpande, and Zaltman 1993), empowerment (Shaw, Newholm, and Dickinson 2006), and as an antecedent of loyalty (Bowden 2009).

Bowden (2009) clearly positions the two constructs of involvement and commitment as conceptually distinct when compared to the process of customer engagement.

In the literature, involvement has typically been defined as a goal-directed motivation that is indicative of the extent to which the decision is viewed as personally relevant to the customer (Mittal and Lee 1989). It relates to an internal state of arousal (i.e., intensity direction, and persistence of that arousal) (Warrington and Shim 2000) or a perceived importance of that product class in relation to his or her self-concept, ego, and value system (Beatty, Kahle, and Homer 1988; Crosby and Taylor 1983; Delgado-Ballester and Munuera-Aleman 2001).

Conversely, commitment is often couched in the context of entrenched psychological attachment whereby the object to which the customer is committed is considered as the only acceptable choice within a specific product class (Crosby and Taylor 1983; Muncy and Hunt 2001; Warrington and Shim 2000).

However, involvement has been found to precede the development of commitment as customers with high levels of commitment were also found to be more highly involved (Beatty, Kahle, and Homer 1988).

The concept of engagement has been explored in the organizational behavior literature as a means to explain organizational commitment and organizational citizenship behavior (Bowden 2009; Saks 2006). Literature has typically discussed engagement in the context of customer experience (Johnson and Mathews 1997; Patterson 2000), customer familiarity (Soderlund 2002), customer expertise (Alba and Hutchinson 1987; Matilla and Wirtz 2002), and cognitive

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