



## **Abstract**

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Data-driven marketing has provided businesses with new dimensions of capturing further insight from customers while digital transformation is increasing rapidly and has become omnipresent displaying a great role both in work and in leisure time. The laws that guide the right behavior in digital environment and create a basis for common rules for all lag behind the digital development, henceforth the demand for corporate digital responsibility has increased. The purpose of this qualitative research is to create a holistic view of the case company's digital responsibility from the perspective of data-driven marketing through three different stakeholder groups: the company, the consumer and society. The goal is to create an understanding of the opportunities and threats of data-driven marketing and examine how the expectations and views of these three stakeholder groups differ and what are the overarching factors.

The research was conducted by following qualitative research and utilizing a multiple case-study structure. Seven company representatives and seven consumers participated in the study, who also acted as representatives of the society members. The research was carried out with semi-structured interviews, which made it possible to study the phenomenon extensively.

The findings show that all three stakeholder groups are more aware of the threats of the data-driven marketing compared to the opportunities, which are more unknown. The common opportunities identified included enhanced transparency and efficiency, an equal power balance over the data, digital privacy, strengthened trust between the company and the consumer, and the sustainable development of digital transformation. On the other hand, loss of privacy, lack of transparency, increasing data breaches and companies' exclusive decision-making power over data were identified as joint threats. However, more research is needed to draw a generalized conclusion.

## **Tiivistelmä**

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Digitaalinen transformaatio ja digitalisaatio on yhä enemmän läsnä niin työelämässä kuin vapaa-ajalla. Lait, jotka ohjaavat digitaalista käytöstä ja luovat pohjan yhteisille pelisäännöille tulevat jäljessä digitaalisessa kehityksessä, minkä takia yrityksen digitaalinen vastuullisuuden tarve on kasvanut. Tämän kvalitatiivisen tutkimuksen päätavoitteena on luoda kokonaisvaltainen näkemys yrityksen digitaaliseen vastuullisuuteen datalähtöisen markkinoinnin näkökulmasta kolmen eri sidosryhmän kautta: yrityksen, kuluttajan ja yhteiskunnan. Tavoitteena luoda ymmärrystä datalähtöisen markkinoinnin mahdollisuuksista ja uhkista, ja tarkastella miten näiden kolmen sidosryhmän odotukset ja näkemykset eroavat toisistaan, ja mitä yhdistäviä tekijöitä nousee esiin.

Tutkimus suoritettiin kvalitatiivisena tapaustutkimuksena. Tutkimukseen osallistui seitsemän yrityksen työntekijää sekä seitsemää kuluttajaa, jotka toimivat myös yhteiskunta haastattelu-ryhmän edustajina. Tutkimus toteutettiin semi-strukturoidulla haastatteluilla, joiden avulla ilmiötä oli mahdollista tutkia laaja-alaisesti.

Havainnot osoittavat, että kaikki sidosryhmät ovat enemmän tietoisia datapohjaisen markkinoinnin uhkista, kun taas mahdollisuudet havaittiin vieraammiksi. Yhteisinä mahdollisuuksina tunnistettiin tehostettu läpinäkyvyys ja tehokkuus, tasa-arvoinen valttasapaino, digitaalisen yksityisyyden saavuttaminen, vahvistunut luottamus yrityksen ja kuluttajan välillä sekä digitaalisen transformaation kestävä kehitys. Tunnistettavat uhkat olivat puolestaan yksityisyyden menettäminen, vähenevä läpinäkyvyys, lisääntyvät data skandaalit ja yrityksen yksinomaisen päätäntävalta dataan. Yleistävän johtopäätöksen tekemiseksi tarvitaan kuitenkin lisää tutkimusta.

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In Helsinki, 26<sup>th</sup> September, Veera Viitikko

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## 1. INTRODUCTION

In the era of the fourth industrial revolution the amount of data we deal with daily has expanded exponentially (Kennett et al. 2020). Customer expectations have heavily transformed while development of new technologies has risen (Brakus, Schmitt & Zarantonello, 2009). The increased understanding of real-time data has provided marketers with entirely new opportunities of seizing insightful data-based platforms and exploiting the information by creating multi-channel solutions for customers.

Data-driven marketing aims to leverage insights from customers' transaction data to sell relevant products or services to the right customer at the right time (Kumar, Shah & Reinartz, 2006). The fineness of the flow of data enables to make the content more relevant than ever, and it can be targeted across various media not only for a wide audience, but for the right profiles that consist of personal data of single users (Strycharz et al., 2018). The cornerstone of data driven marketing is that it has solved a chronic problem among advertisers which is well conceptualized in the words of John Wanamaker, a marketing pioneer "Half the money I spend on advertising is wasted; the trouble is I do not know which half" (Bradt, 2016). Accordingly, it has decreased the amount of irrelevant advertising and provided improved personalization for better customer experience (Vesanen, 2007).

However, while the data has turned out to be a valuable asset of companies', the importance of data responsibility has become a burning question globally. In the "digital society" the boundaries between personalization and privacy is starting to get blurred; fear of surveillance, loss of freedom, lack of digital literacy among users and smartphone addiction, to name a few (Dörr, 2021, p, 10). Therefore, it has become a problem that does no longer affect only at the consumer or business level, but it has broader societal impacts that will be shaping the future of our society (Dörr, 2021, p, 6). If there is a lack of data regulations and the law does not govern data, then who will.



## 1.1 Literature Review

The purpose of this literature review is to disclose the key ideas of the primary topics of this study and reflect those ideas on the contemporary literature of data-driven marketing and digital responsibility.

According to the current literature, data-driven marketing has provided businesses with new dimensions of capturing further insight from customers. The marketing content can be transformed to be extremely personalized and compelling due to the faster processing and storage of data (Hilbert and Lopez, 2011). As a basis of this era, we are living today in the continuous digital transformation that involves immense data streams that has the ability to streamline operations and become more efficient and cost-effective. That is to say, data-driven marketing is perceived to ultimately develop business value, performance improvement and foremost competitive advantage (Lobchat,2021). Dörr (2021) agreed that “the data is the new oil” meaning that data exploitation is a new source of value creation for businesses (p,8).

Dörr (2021) argues that never in history has it been feasible to systematically gather this thorough insight into people’s deepest thoughts (p, 8). However, as a matter of fact the source of data is the users themselves. Without their own will or willingly. The findings of Spinnello (2015) indicate that preserving privacy not only in an online environment, but also offline can be extremely intimidating because nowadays the data can be collected even at point of sales, for instance, when the user provides credit card information (pp,293). Spinnello (2015) argues that inauspicious threat comes from the data aggregation process when data is collected from various sources and merged into an individual record, for example, when purchasing music and books from amazon.com consumer leaves behind a digital imprint which then snowballs forward and will be recombined with other compelling information such as consumers spending habits, areas of interest and other online purchases, which then can be linked to other marketing and advertising databases, platforms and channels (pp,294). Nissenbaum (2004) exemplifies this idea by pointing out that some companies have this mistaken assumption of data collecting: if the data set is separated into parts the aggregate of information does not harm privacy.

According to the contemporary study, the digital users themselves are being the center of value creation since the initial information that is being collected via algorithmic decisions is originated from the users which during the process transfer so called “prosumers”, producers of product or services (Offenwander and Quandt,2016, pp. 41). Furthermore, Dörr’s (2021) translation of Meier’s (2017) idea of the issue follows: “creating a new partnership between mind and machine is not a naive utopia, but a rational task”. This can be reflected in Peter's (2020) interesting study about how an algorithm knows users better than they know themselves because of the biological knowledge being linked to artificial intelligence (AI). Namely, collection of vast amounts of data through the digital environment is changing the perception of how data driven marketing is deemed (Lobchat,2021). The customers are viewed as a personal data trail only for the purpose of corporate value creation (Offenwander, D. & Quandt,2016, pp, 47). The whole process raises distrust, doubts and gray areas among consumers because the action is not transparently justified and consumers are not aware of how much of their personal data is in the hands of companies, what is being collected, and for what purpose.

According to Offenwander, D. & Quandt (2016) understanding of responsibility in the new context of digitalization is to respect everyone’s personal rights (p,47). Digital responsibility is tightly linked with privacy, and it is not a very familiar or understood concept today (Dörr,2021, p,27). While organizations are provided with new procedures of utilizing data, their digital ethics are being challenged indirectly. Digital ethics is defined as a condition for a fair coexistence in a world formed by digital technologies and a right action in the situations when digitalization touches upon social concept of freedom, privacy, and justice (Bundesverband Digitale Wirtschaft,2019) The essence of the definition is that digital ethics do not develop new standards, but it interprets current naive standards for a digitally shaped society (Dörr,2021, p, 29).

Due to the lack of uniform laws and regulations for the use of data, the role of digital ethics must be at the center of corporate responsibility and guide data driven marketing principles. As Dörr (2021) indicates digitization and data responsibility goes beyond what is required by law (p,5). Thereby, the ball is in organizations' court and requires voluntary corporate activities which bring this back to data ethics. As the companies have the responsibility to

engage in environmentally, economically, and socially fair practices, similarly they must act responsibly when it comes to data. Lobschat et al. (2021) argue that data responsibility “requires organizations to develop a comprehensive, coherent set of norms, embedded in their organizational culture, to govern the development and deployment of digital technology and data”. It demands organizations to create a comprehensive and coherent set of standards that are embedded into the organizational culture to guide the development and utilization of data and actionable guidelines for users (Lobchat,2021).

Republique Francaise (2020) proposes that Corporate Social Responsibility (CSR) has now been extended into Corporate Digital Responsibility (CDR) since the equal principles of trust, accountability and ethics are valid among organizations’ stakeholders. Also, due the crosscutting nature of omnipresent digital technology it is important that the process of value creation is understood by all parties because it affects every one of us within all areas of social, democratic, and societal issues (Republique Francaise,2020). Sitra (2021) also considers data responsibility from a broader perspective stating that the phenomenon overextends all areas of CSR. Sitra argues that data should be looked at from an economic responsibility perspective: it should be treated equally and purposefully with a company's other resources to yield true benefits such as competitive advantage and added value for the customers and society.

To conclude, data driven marketing at its best can yield mutual, sustainable benefits for the companies, customers, and society. It can help companies to reach their full potential, truly engage with customers on a personal level and provide competitive advantage. But only when the action is justified for the customers and citizens, and when the benefits and costs for users are balanced (Lwin,Wirtz & Williams,2007).

As Sitra (2022) states “in a fair data partnership, data is shared between different parties with consent based on mutual agreements in a seamless and transparent way”. Data-driven activities themselves are not solely perceived as a data challenge or threat, but rather companies must make clear how they are going to operate responsibly and transparently in the digital era and contribute to the shared value.

## 1.2 Research Gap

In literature, data-driven transformation is an ongoing topic in the context of corporate sustainability. Businesses are searching for an edge over their competitors and the new online environment makes it possible to fully harness value creation activities through data driven marketing. As the findings by the United Nations (2020) indicate, “data has become a new economic resource for creating and capturing value”. The impact of data-driven marketing is omnipresent; therefore, vast amounts of data have extensive impact on companies, individuals and societies, thereby it is crucial to scrutinize this phenomenon from a macro level.

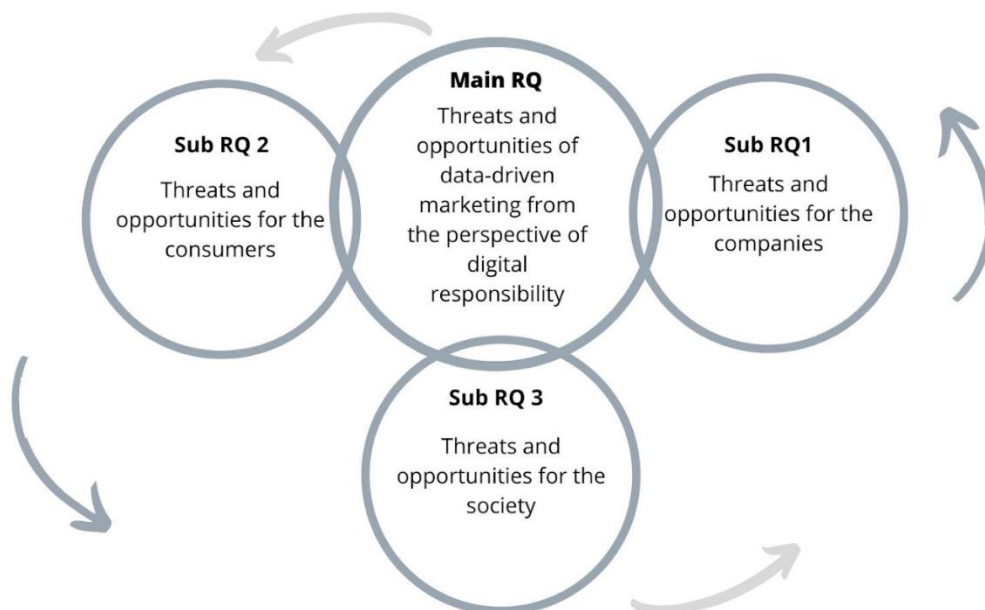
Sustainable corporate management lies within a three-dimensional model (economic, environmental, and social) and because of the omnipresence of digitalization in our everyday lives the concurrent studies indicate that companies are confronted with a new fourth dimension, the question of digital ethics (Dörr,2021, p,7; Sitra,2021). According to the finding by PricewaterhouseCoopers (2019) half of companies that filled the company survey believed they are very well positioned in the field of digital ethics and digital responsibility, however, in reality only a quarter of the respondents have existing digital strategies that correspond to digital ethics and responsibility. Sitra’s survey (2021) indicated similar findings that half of the companies are not familiar with the consequences of data sharing and responsible use of data. All things considered, it can be stated that there is a clear research gap on companies' understanding of opportunities of digital responsibility and contribution of shared values as a part of their corporate responsible strategy.

Furthermore, because of this ongoing digital transformation and increased relevance of data, it has led to the action where most companies are collecting excessive amounts of data without a real purpose and meaning. Sitra’s project director Jyri Arponen, who specializes in sustainable business stated in the webinar that if data is collected without a purpose, it is not sustainable. Arponen (2021) also pointed out that data can bring long-term opportunities only when it creates mutual value for individuals, firms, and society. Moreover, previous studies agree that customers and citizens are starting to ponder the benefits and cost of disclosing personal data for the use of the firms (Culnan and Armstrong, 1999; Plangger and Montecchi, 2020). Because the collection and use of personal data is perceived to be an invasive tactic that generates negative impressions in respect of loss of privacy (Smit et al.,

2014; Moore et al., 2015). Moreover, the corporate digital responsibility is in a nascent stage of academic inquiry, the issues regarding to CDR are not yet fully understood in the literature whereupon, it could be argued that there is an underlying research gap (Gajendra, Sameer & Scott, 2021).

### 1.3 Research Questions & Objectives

The aim of this study is to seek better understanding of data-driven marketing from the perspective of digital responsibility. To reach this goal the study aims to understand the opportunities and threats associated with data-driven marketing in the context of digital responsibility. Furthermore, understanding the opportunities of shared values and transparency in the context of digital responsibility and how the implementation of digital responsibility can transform the data into a sustainable approach, and thereby work towards the benefit of companies, consumers, and society. The research touches on the subject from three perspectives: individual, company and society. Consequently, the study aims to further managerial understanding on how important it is to set clear guidelines for responsible data use that guides the action of data-driven marketing and what could be the aftermath of failing to do so. To ensure a comprehensive and holistic study, the research questions were generated based on discovered research gaps and are formulated in accordance with figure 1.



*Figure 1. The main research question and sub questions for the research*

The research is formulated around the main research question, it is defined as: ***Main RQ: What are the threats and opportunities of data-driven marketing from the perspective of digital responsibility?***

This question contains fundamental ideas of the chosen topic and aims to seek better understanding of existing previously defined research gaps in the literature. As the use of data is continuously increasing among companies it is crucial to develop further research based on the possible threats and opportunities the data-driven activities have from the perspective of digital responsibility to illuminate the importance of the matter amidst business managers.

Furthermore, according to preliminary literature the topic is threefold whereupon the following three sub questions aim to provide broader insight and understanding of the chosen topic from the three different perspectives: company, customer, and society.

The first sub research question Sub RQ 1 is stated as:

***Sub RQ 1: What are the threats and opportunities of data-driven marketing from the perspective of digital responsibility for companies?***

The question aims to address the issue from the organizational level and seek understanding of how companies consider digital responsibility as a part of their data-driven activities. According to the current findings only a half of the companies have implemented a strategy or principles to take action on corporate digital responsibility, so digging deep into the opportunities and threats of digital responsibility can help companies who deals daily with data to consider this matter with new approach.

The second sub research question Sub RQ 2 is as follows:

***Sub RQ 2: What are the threats and opportunities of data-driven marketing from the perspective of digital responsibility for the customers?***

The purpose of the question is to examine the main research question from the customer's level. Customers or users are the central part of the phenomena because they often function as a preliminary source of data for the companies. Therefore, it is important to further research how the customers perceive this phenomenon and what will be the major

opportunities and threats of the data driven marketing when the digital responsibility is taken into consideration.

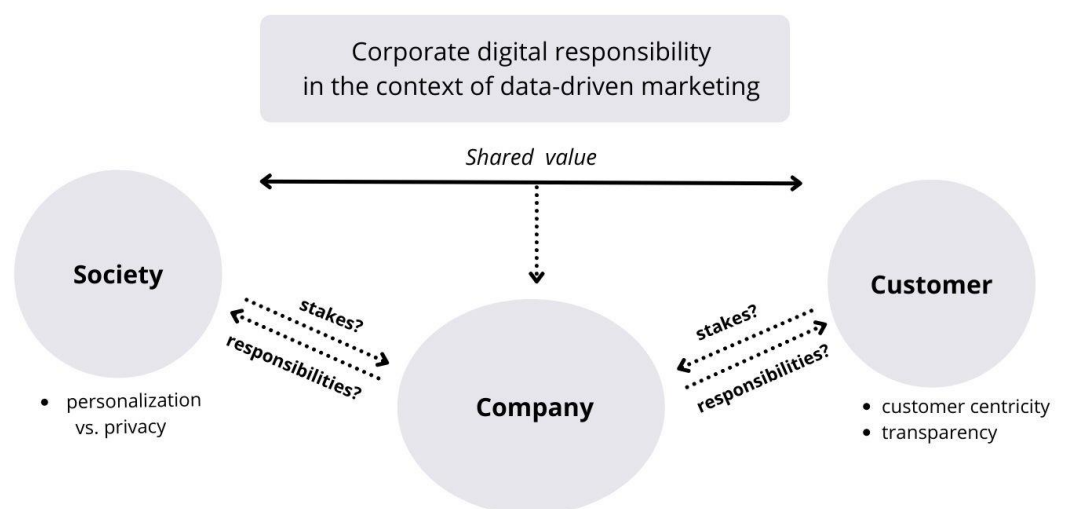
The third sub research question Sub RQ 3 is defined as:

***Sub RQ 3: What are the threats and opportunities of data-driven marketing from the perspective of digital responsibility for the society?***

Lastly, instead of discovering the topics only from the micro perspective, the purpose of the study is to examine the phenomenon on a large scale, from macro level. Because the issues touch upon almost every one of us since the digital environment is present with us through mobile applications every day it is crucial to examine it more comprehensively. The aim of this question is to gain a better understanding of the impact of the chosen topic for the society and how digital responsibility will be a determinant factor to shape and ensure fairness to the digital future of our society.

#### 1.4 Conceptual framework and definitions

The theoretical framework introduced in figure 2 defines the conceptual framework of this study. The purpose of this framework is to present the theoretical perspective of this thesis and provide a clear overall view of the relations between the concepts.



*Figure 2. Theoretical Framework*

The framework is grounded on stakeholder theory with the aim to provide useful insight into the practice of sustainable value creation in the context of data-driven marketing. It illustrates how data-driven marketing can create shared value for the companies, customers, and society. The key concept includes corporate digital responsibility, data-driven marketing, society, customer, company, shared values, customer centricity, personalization vs. privacy and transparency. In the next subsection the key concepts will be defined shortly.

### **Definitions:**

#### **Data-driven marketing**

Data-driven marketing is a process of collecting data through different online channels, analyzing the data to understand the psyche and buying patterns of consumers and creating personalized strategy to connect with relevant audience (Grandhi, Patwa & Saleem, 2021) Data-driven marketing aims to further marketers' understanding of their customers, analyze data in order to gain valuable insight into consumer behavior and optimize the marketing messages with its customers through a relevant dialogue (Abakouy et al. , 2019). Shah & Murthi (2021) argue that data-driven marketing strives to expand the role and scope of the marketing function from being primarily involved in developing and managing creative communication. Data-driven marketing allows marketers to analyze and interpret vast amounts of data retrieved by digital conversations with customers (Micheaux, & Bosio,2019; Deevi,2015). At its best, data-based marketing can provide benefits for both marketers and consumers, in addition, it can increase customer acquisition, customer retention, efficiency and return on investment. (Grandhi, Patwa & Saleem, 2021).

#### **Data responsibility**

Dörr (2021) argues that data responsibility goes beyond what is required by law and thus it has become a burning question globally. Data responsibility is responsible processing of data from people's actions in a just and ethical manner, applying open principles while protecting data sources' privacy and right to self-determination (Sitra,2021). Wong, Henderson & Ball (2022) state that data responsibility requires organizations to keep records of their data decisions so that all involved stakeholders have a precise understanding of how these decisions have been made across the data lifecycle, for what reasons and by whom.



**Corporate digital responsibility**

Corporate digital responsibility is described as a set of shared values, and norms that work as a guideline for an organization's operations regarding the creation of digital technology and data (Lobchat, 2021). Schwartz & Carroll (2003) complement this idea arguing that organizations themselves are required to determine how to operate responsibly in the digital age, whilst also acting in accordance with legal requirements and considering economic impacts of the organization. Dörr (2021) conceptualizes corporate digital responsibility in two ways: consideration of digital sustainability and consideration of social, economic, and ecological effect on digital corporate action in the universe (pp,5).

Esselmann and Brink (2016) argue that in the course of digitalization “corporate responsibility” is shaping itself into “corporate digital responsibility” (pp. 39).

**Shared values**

Creation of shared values is defined as willingness to simultaneously create economic and societal value while increasing the competitiveness of organization (Moczadlo,2015).

Porter’s and Kramer’s (2006) definition of shared value is retrieved from business and society research stating that business and society are interpenetrating systems, as illustrated by mutualistic economizing theory; profit, social and environmental goals work reciprocally. Furthermore, the concept of shared value blurs the line between for-profit and nonprofit organizations (Porter & Kramer,2011). Ouden (2012) argues that shared value should be linked with value for society, for organizations and most importantly for users (who are at the same time citizens of society).

**Personalization**

Personalization is defined as the ability to dynamically customize products and product purchasing experiences to the tastes of individual consumers according to their personal and preference information (Chellappa and Sin,2005, pp,181). Simply, gathering and evaluating preferences and information of the individual to tailor users with more compelling messages based on their needs. Garcia-Rivadulla (2016) defines personalization as users' previous activity on the Web, as Google uses over 50 signals to personalize its search results and it occurs when the user is no longer logged in.

**Privacy**

Privacy is described as individuals freedom to determine what information about himself or herself will be disclosed to others, and when such information will be obtained and for what purpose it will be utilized for (Westin,2003, pp 3). Clarck (2014) argues that it is fundamental to democratic societies offering key protection for collective rights. Tucker (2012) points out that to solve the tradeoff between informativeness and intrusiveness caused by excessive personalization by marketers is to provide consumers full control over how their information will be used (pp,5). Garcia-Rivadulla (2016) concludes, privacy is not about sharing information, but rather transparency about the methods used and motivations sought, more particularly it is every individual's right to choose, free from commercial and governmental pressures and interests.

**Customer centricity**

Customer centricity is about placing customers at the center of a company and maximizing customer equity by cultivating the lifetime value from each customer (Parniangtong,2017, pp,91). Levit (1960) suggests that firms should not only concentrate on selling products but rather fulfilling their customers' needs. Customer centricity provides many benefits for both firms and customers (Gebauer,Gustafsson & Witell, 2011;Sheth, Sisodia & Sharma,2000). According to Osawake & Nedu (2020) customer centricity is a vital source of marketing innovativeness, it illustrates the value of continually engaging with customers and co-creation with profitable customers.

**1.5 Delimitations**

The delimitations can be described as attributes that limit the scope and outline the boundaries of the research, controllable issues that could have been chosen, but were rejected or screened off from view (Creswell, 2012). Preliminary studies of the chosen topic have focused on developing and applying data-driven marketing to the corporates' business model and personal privacy and digital ethics has been studied separately mostly on a micro level. There have been wide debates and discussions on new data responsibility laws and regulations, and anticipatory adaptations to the new data principles, but this research focuses on this phenomenon on a macro level.

Due to the lack of relevant, concurrent secondary data sources of the chosen topic, it brings limitations. Thus, this study emphasizes findings from primary data which is complemented with secondary data including relevant articles and journals. Moreover, the primary data is gathered from the individuals who operate and are experts in the data field under the same corporation which limits the scope of the findings. Additionally, the theoretical section is studied from the point of view of marketing and data departments, leaving other departments and facets aside. Another limitation is that the study will cover data-driven marketing on a general, macro level without taking into consideration any functions. Yet, the study aims to gain knowledge of the chosen topic in Finnish market environment. Thus the study is conducted among Finnish data specialists and consumers taking into consideration characteristics of Finnish market environment, so the findings can be only generally applied to other similar business environments.

#### 1.6 Research Methodology

The main goal of the study is to strengthen the understanding of digital responsibility in the context of data-driven marketing. The qualitative research method was chosen based on the nature of this study. The qualitative method enables us to gain thorough analysis of the phenomena. As stated by deMarrais & Lapan (2004) qualitative interviews help to gain “depth on the research topic” providing a complete picture that combines participants’ words and experiences (pp,52).

The empirical section is conducted by collecting primary data through qualitative semi structured interviews with data-based marketing specialists and consumers. To examine the complex topic from different angles and to gain in-depth understanding from the macro level these two contradictory parties were chosen. To dig deeply into the individual and determine the open-ended questions as to why and how, the interviews are conducted for an individual format (DiCicco-Bloom and Crabtree,2006).

The theoretical section will be carried out with secondary literature research. The secondary data is collected through analyzing academic literature, academic journals, documents, and recordings. The purpose of the theoretical part is to examine the background of the topic and provide a preliminary insight into data-driven marketing and corporate digital responsibility. This research is focusing on helping managers to understand the importance of digital

responsibility in the context of data-driven marketing. To gain deeper knowledge, the phenomenon is examined from the macro perspective to see the importance of the matter to our society. Finally, the research findings will be an aggregation of empirical analysis and presented findings of secondary literature and theory.

### 1.7 Research Methodology

In this section the structure of the study will be presented. In general, the study is separated into theoretical and empirical parts where all parts are divided into subdivisions of a chapter. Whereas chapters two and three cover the theoretical sections, and in turn, four and five encase the empirical sections of the study. The remaining chapter six covers the conclusion and discussion.

As indicated, chapter one presents the main purpose of the study encapsulating the reasoning, motives and aims for this study. This chapter introduces the topic, research, literature review, research questions, delimitations, and research methodology of this research.

Following, chapter two covers the main concepts and theories of corporate data responsibility and data-driven marketing more in-depth. Then, in chapter three the theoretical framework of the work is constructed. Chapter four analyzes and implements stakeholder theory in the context of this study. The main empirical findings of this study are presented in chapter four in accordance with the recurrent themes derived from the research and from the theoretical framework content. Finally, the key findings of the research are introduced and summarized together with limitations and avenues of the study for future research.

## **2. LITERATURE REVIEW**

### **2.1 Corporate Digital Responsibility**

In literature, corporate social responsibility is a widely researched topic, whereas literature found from corporate digital responsibility is limited. However, the preliminary literature indicates that there is a valid interlink between CSR and CDR. Porter & Kramer (2006) argue that CSR is to boost the companies' innovations and growth and at the same time reinforces the shared value both for companies and society. In line with the proposal by Republique Francaise (2020) how CSR could be extended into CDR there have been debates whether CDR entails the similar positive effects for the company as CSR. Such as Saeidi's et al. (2015) findings indicate that CSR is associated with firm performance and engaging in CSR has a positive effect on reputation, customer satisfaction and competitive advantage. Further, CSR is linked with strengthened corporate image and reputation (Blowfield & Murray, 2014, pp, 385). The research has found that the higher economic benefit marketer believes firms will derive from CSR the greater CDR the firm practices (Agudo-Valiente et al., 2017). Further research will be needed in the future to examine the benefits and opportunities of CDR.

Furthermore, Herden et al. (2021) argue that Corporate Digital Responsibility (CDR) can be considered as an extension of CSR. The reasoning is that CDR covers all levels of corporate responsibilities as defined in well-known CSR pyramid by Carroll (1991) and all domains of the environmental, social and governance (ESG) framework (Herden et al., 2021). Digital transformation has increased corporates' responsibilities requiring adaptations within the organizations. As claimed by Esselmann and Brink (2016) in the course of digitalization the operations and tasks of business policy and management naturally evolves, whereupon corporate responsibility is gradually shaping itself into corporate digital responsibility.

Joynson (2018) points out that CDR is about apprehending that the organizations which are driving forward the technology development and provide services that are leveraged by technology have responsibility to do it in a manner that is essentially leading them in the direction of a positive future. Weber-Lewerenz, B (2021) goes further, stating that when it comes to technologies corporate responsibility is needed to successfully reflect organizations' own social responsibilities towards human and society. All things considered;

CDR is perceived as a cornerstone for fulfilling the responsibilities associated with digital transformation.

Rachinger et al. (2019) highlight the fact that there is a new competitive pressure affiliated with the digital world. Organizations must respond to the high expectations that the digital transformation brought with it in order to secure their competitive advantage in the future. In regard to this, some companies view CDR as a differentiator which allows them to gain competitive advantage in the long-term (Koch and Windsperger 2017). In addition, the study of Equitable Digital Society by Elliot indicates that CDR can help to obtain and maintain stakeholder trust whilst driving competitive advantage.

Spiekermann (2019) states that digitalization is perceived as an ethical challenge and an awareness of values as prerequisite for a good life in the digitized world. Hence, it can be argued that the rise of digitalization and increased data is perceived as an ethical issue. The growth of digital transformation is forcing companies to re-evaluate the role and value the data has within their business models (Brownlow et al., 2015). To reposition the organization values while incorporating new technological frameworks into corporates' business model, it requires ultimate change in organization's mindset and perquisites.

According to contemporary research there is a cross cutting issue between digital transformation and reformation of organizations code of ethics (Weber-Lewerence,2021). Technological transformation is evolving at high speed, but the digital ethics and corporate digital responsibility to support this implementation is lacking. Since digital transformation and digital ethics are closely linked together, they should be implemented in parallel. Weber-Lewerence (2021) argues that it is corporate responsibility to provide knowledge and establish conduct that fulfills the requirements for shaping digital transformation and anchor values in the corporate culture to address the gap between ethics and new technologies.

Herden et al. (2021) defines CDR as an extension of a company's responsibilities which takes into consideration opportunities of digitalization. According to the findings of Herden, organizations must address the threats and embrace the opportunities of digitalization, and thereafter set CDR in line within all value chain activities of the company (Herden et al, 2021). Lobschat et al. (2021) have a similar understanding of CDR arguing that CDR is

every employees' ethical responsibility, who work in tech industry. they must be aware that the code they develop and the data they collect, process, or deploy becomes naturally an ethical responsibility for them.

According to Herberger & Dötsch (2021) corporate digital responsibility (CDR) is in advance of positive law and narrows digital responsibility gaps where the legal basis ends or has not so far passed (p,77). Similarly, Dörr (2021) argues that it requires corporate activities that go beyond what is required by law (p,100). Moreover, Dörr (2021) and Elliott et al. (2021) argue both that CDR is deliberation of digital sustainability and to a greater extent it is consideration of social, economic, and ecological effects of digital corporate action in the society (p,81)

This view on CDR coincides with Sitra's understanding of CDR. Sitra (2021) argues that in a fair data economy the value is created for individuals, companies, and society. In particular, organizations can establish benefits and advantages when they share data in a sustainable manner and when the services and data-based products are created ethically.

Porter and Kramer (2011) characterize shared value as a process of looking ways to improve revenue and profitability via social contribution activities and adjusting attention to and resolution of social issues with corporate activities. Findings by Kang and Youn (2020) indicate that corporate shared value (CSV) is destined to cultivate win -win situations as competitiveness and performance sharing grows via the creation of value across the whole process of management for one another organizations and communities.

Contradictorily, study of Lobschat et al., (2021) highlights that CDR should be deemed separately from CSR proposing that CDR incorporate four key stakeholders, individual, legal and technological actors. These actors go through four life cycle stages that guides the organization's actions with regards to creation and operation of digital technology and data. Rather than linking CDR to sustainability objectives Lobschat believes CDR should be viewed from the perspective of digital technology and data.

Furthermore, Driesens (2017) and Elliot et al.'s (2021) understanding of CDR proposes that it is a voluntary commitment by organizations to conform to legal requirements when it

comes to handling customer data and conducting digital corporate actions. Elliott et al. (2021) argue that the role of CDR is to accomplish the corporate rationalizers' part in representing community interest to enlighten proper digital corporate actions and sustainability through collective guidance on tackling social, economic, and ecological effects on society. Driesens (2021) instead states that firms that incorporate CDR into their business model acknowledge the wider ethical considerations that CDR is associated with, and that those fundamental values must be in line with the company's current value in order for the company to deem it to be necessary to conform to legal standards.

Corporate digital responsibility is a relatively new phenomenon, and its importance has become significant over the past few years due to its three-dimensional implications to organizations, customers, and society. After describing the different definitions of CDR, it can be argued that the implications of digitalization and use of data is multifaceted. The pros and cons differ from the perspective the phenomenon is viewed. Thereafter, to gain an all-encompassing understanding of the different implications of CDR, we may examine the phenomenon from three different perspectives.

## 2.2 The perspective of the company

While digital transformation has challenged organizations' operations and pushed them towards adaptation and change, at the same time stakeholder demands have evolved. Today, stakeholders expect organizations to act responsibly and transparently in the era of increasing use of data and digitalization. As Dörr (2021) indicates that "Digitalization is changing the demands of stakeholders and, at the same time, the type of stakeholders for companies" (pp,39). Carroll (1991) argues that CSR is viewed as a way to fulfill stakeholders' heightened expectations, that is visible when going beyond what's required by the law and showcasing ethical practices when it comes to digital technologies. According to the Bell (2020) significant motive for CDR execution for companies is to testify to stakeholders their organizational performance which can be measured through combining the effectiveness of environmental and social responsibilities in CDR execution.

Despite of the lacking financial returns in the short term of implementing CDR Lobchat (2021) consider that its necessary to manifest comprehensive CSR benefits and costs for various stakeholders such as for consumers, institutions, governments, artificial and



technology entities and execute CDR-related principles and processes to address stakeholder demands and secure their support. On the other hand, Koch and Windsperger (2017) argue that implementing CDR as a part of the organizations' operation enables to obtain and maintain stakeholder trust and competitive advantage. Correspondingly, Porter and Kramer (2006) argue that when companies recognize proper stakeholder needs in the context of digitalization in the initial phase and are able to respond in an appropriate manner, they can attain competitive advantages and a unique market position. Findings by Dance, LaForgia, & Confessore, (2018) align with Porter and Kramer stating that despite the customers preferences of data protection and storage the motive that is guiding companies is competitive advantage or profit that can be achieved through the data-driven operations and digitalization.

Consequently, implementations of CDR depend greatly on the motives and values of the organization. Digital transformation is forcing companies to internally re-evaluate what is the role and value of data in their business models (Brownlow et al., 2015). Regularly, a paradigm shift in the organization's fundamental mindsets, systems, and tools is demanded to reposition the organization partly or as a whole (Gupta, 2018). Yet, due to the lack of governmental policies and official guidelines set for the companies in terms of CDR the ball is in the hands of managers. As Elliott et al. (2021) state that it is a voluntary commitment whether they value good digital corporate actions that can be contributed to addressing social, economic, and ecological impact on society.

Consequently, due to the insufficient laws to govern digitalization the responsibility of corporations plays a crucial role. According to Thorun (2018) these responsibilities can be defined as a corporate digital responsibility. To alleviate the negative side effects associated with digital transformation companies have the responsibility to deliberate the social effects of digital products and services in the early stage of their development, make sure that they are compatible with the company's value standards and rethink corporate responsibility in the light of digital transformation (Andersen, 2018). Herden et al., (2021) argue that organizations must implement a CDR strategy to disclose the threats and embrace the opportunities of digitalization. Authors state that it is corporations' responsibility to engage with CDR to establish a culture and norms for the organization to guide behavior across all levels from the ideation to the release of digital assets.

Digital footprint is referred to as sensitive data of an online user that is collected through cookies or tags placed across many websites by an advertiser that can be used to track a user online (Vikas, Sethi, and Paul, 2019). Recently, Google, a multinational technology giant, has announced the discontinuation of third-party cookies by the end of 2023 to reinforce and protect the privacy of personal data. Similarly, Apple has launched new privacy protection features over the past couple of years, the newest is iOS 15 which allows users to control and monitor apps' use of their data (Apple inc., 2021).

### 2.3 The perspective of the customer

The way individual actors and customers perceive this phenomenon depends on the implications of the companies. When it comes to personal data, as customers, we want to ensure it will be handled with high transparency without invading our privacy. We might take it for granted that companies who collect, process and use our personal data operate with respect, responsible and ethical manners. In reality, often we have little clue what data is being collected, when and for what purpose. As the study by Souwe et al., (2017) indicates that there is an inherent belief that individuals believe that companies will be responsible for safeguarding privacy irrespective of their efforts. But the reality can be as findings by Auxier et al., (2019) showcase that 63 percent of people in the United States do not understand or they have little clue privacy policies and relevant regulations of organizations, nor ways how they could protect their own personal data.

I think we are all familiar with the sentence "accept privacy policies" or "allow access to your location" that pops up on our screen several times a day when entering into a website or opening a new application. As most of us live with a constant rush trying to balance between work, school, family, and hobbies while at the same time instinctively scrolling through social media trying to stay in the loop with what's going on with your friends or checking on the latest news to keep up with the groundbreaking headlines. Hence, at the same time we often might habitually or unconsciously choose to get rid of the privacy term to get access to the information in as little time as possible, so we can move on promptly to our next task.

Moreover, digital transformation has provided customers more power and convenience such as it has enabled customers access to goods, services, and information online, skip and block advertisements, compare prices and brands (Ammerman, 2019). Vice versa, companies have been able to gain information about customers and engage with them comprehensively on a more personal level due to the evolved digital marketing capabilities. New technologies enable companies to classify their target audience and monitor and collect data about the individual's behavior, advertisements can be created to be more customizable and engaging and also better equipped to acknowledge consumers' behaviors and intentions (Aiolfi, Bellini and Pellegrini, 2021). The study by RedPoint Global (2019), who is a leading provider of customer data platform and customer engagement technologies, indicates that over 63% of customers expect personalized experience and it has become a norm. However, what is interesting is that according to the earlier findings by Edelman (2018) nearly half of the consumers (49%) asserted that they are resistant to sacrifice some of their data privacy in return for a more personalized shopping experience. Never before have marketers been able to collect such detailed information about people's innermost thoughts and exploit it to personalize goods and services to the matching customers (Dörr, 2021, p, 8).

However, it is a zero-sum game, the more power the customers are retrieving online the more privacy they are giving up and forfeited in the process. The question that arouses diverging views is that do the customers have the right to demand total privacy while they are expecting to receive personalized experience. Can we draw a fine line between personalization and privacy. In the past there has been little research on what are the customer responsibilities in the digital age. In line with technological developments, the ever-evolving field of omnipresent applications, and high-level penetration of mobile and other electronic devices, and the risks for privacy violation has been expanding (Zeadally and Badra, 2015, pp, 344.).

According to the previous literature, corporate digital responsibility from the perspective of customers has changed after numerous groundbreaking scandals have come forward. We probably all have heard of the five most outstanding data breaches when Facebook and Marriott International unauthorized access of over 500 million records, Yahoo unauthorized access of 3 billion accounts in 2014 and First American Financial Corporation unauthorized access of 885 records (Liyanarachchi, Deshpande and Weaven, 2021). With reflection to the various data breaches, customers have become aware of the negative implications of the

digitization and data driven marketing that they have not been aware of before. Furthermore, the result of this is that the phenomenon can be now associated with the negative context of corporate operations.

Consequently, people have started to show increasing concern about their personal data and privacy (Xu et al., 2014). Not until past years has it become in the light of consumers that companies have collected and stored vast amounts of data that contain sensitive information from the customers who are not aware of how their data is used. This is when corporate responsibility has become a crucial role. However, according to Xu et al. (2014) the collection of data or data mining and individual privacy is being conflicted. More specifically, the challenge is that when the data is collected the data collector evaluates the data and opts out the sensitive information while trying to preserve its high utility before releasing it to data miners who will then apply it to the use of algorithms (Xu et al., 2014). Thereby, the key responsibility is on the collector to make sure that sensitive raw data are modified or trimmed out from the published data (Xu et al., 2014).

Moreover, digital responsibility is multidimensional. Because of the gained benefits and opportunities of digitalization and data-driven marketing, more and more companies are trying to incorporate data-based marketing models into their operations (Taylor & Strutton, 2010). However, over 39% of companies who collect data are not able to transfer data into actionable insights that could be used to create value (Kumar et al. 2013). Erevelles, Fukawa, & Swayne (2016) indicate that over the years organizations have collected far more data than they use or even have abilities to use effectively. Ergo, organizations are aware of the positive gains that can be achieved through data, but there is a misconception that the quantity of how much data is being collected as in many other cases does not defeat the quality of what is being collected.

The implication of the aforementioned aspects leads consumers to the ethical dilemma or privacy calculus which is defined as a rational analysis of the balance between advantages and costs of disclosing personal data to a firm (Plangger and Montecchi, 2020). Many consumers perceive personalized advertisements or data collective technologies as an invasive tactic that leads to a negative discernment when it comes to loss of privacy (Moore et al, 2015). According to the preliminary research when it comes to personalized

advertisements; when the information on the ad is perceived useful and relevant for the user then there is a higher level of positive acceptance (Aiolfi, Bellini and Pellegrini, 2021). However, people who value a high level of privacy, experience the intent of ads manipulative and disturbing and causing feelings of vulnerability (Sutanto et al. 2013). Moreover, the study by Maier & Hardd (2020) further investigated that these so called “dark patterns” or web designs conducted by tech companies on the web that aim to attract web users to make a certain choice is perceived dishonest and sneaky by customers. Naturally, this negative perception will be reflected indirectly on the brand and how it is perceived. Thereby, this has become a central challenge for the digital marketers to figure out what is the proper level of personalization when targeting customers without invading their personal space.

#### 2.4 The perspective of society

The evolving digital transformation does not only affect companies and customers but goes beyond impacting the whole society. According to a recent study by Lacerda and Jamil (2021) we live in a time where digitalization is omnipresent with all moments of our lives and where we run out of space to dissociate offline from online. Correspondingly, artificial intelligence (AI) has impacted all facets of consumers, businesses, and citizens lives, it refines how we engage with technology and each other (Galitsky,2021). Hybrid approach seems to be here to stay, forcing people to adapt and depend on technology, but also providing a great amount of flexibility and opportunities in everyone’s work and private lives.

The opportunities of digital transformation in the context of society are the technology and innovation designed to tackle the environmental issues, enhance the organization's operations, cause changes in teaching, learning and research methods, and increase innovative business models etc. (Herberger & Dötsch, 2021). As stated by Herberger & Dötsch (2021) the purpose of new digital technologies developed by institutions and companies is to satisfy the needs of every interest group of society. New innovations can have an extremely enhancing impact in the lives of citizens. Digital technologies and resulting business applications have delivered remarkable benefits to citizens by providing

traditional services with advanced levels of convenience, flexibility, and lowered costs (Liyanaarachchi, Deshpande and Weaven,2020).

Notwithstanding, studies by Herring and Roy (2007) indicate that the digital transformation, an enormous disruption, also contains a great number of threats that we all must be aware of (Herring and Roy 2007). The negative side of the coin of emergence of digital transformation is that the machines such as robotics replaces humans' work and causes unemployment, emergence of increased amount of data breaches, cyber-attacks uncontrolled Big Data analyses, lack of digital consumer protection, apprehension of losing control to inhuman AI, fear of surveillance and loss of freedom, inadequacy of digital literacy, disgust against care robots, smartphone addiction, fake news, etc (Vial, 2019; Dörr, 2021, pp, 11). On top of that, development of negative impacts like environmental degradation and social inequalities has become evident (Cherniwchan 2012;Stearns 2013).

The reason is partly because of the lack of universal regulations and guidelines to govern the digital transformation causing society and companies hard time to keep up with this development. Dörr (2021) argues that digital technology applications hinder with democratic societal values, and when the laws are lacking, citizens are for instance, one of the parties bearing the risk in the area of data misuse, in the lack of liability regulations for the use of digital platforms (pp.9). There are regulatory bodies that enforce policies and regulations for disclosing the data such as European General Data Protection Regulation which is important legal framework for guiding corporation-specific norms towards GDR (Lobschat et al. 2021). However, this data protecting framework fails to convey the social effect of data use that is based on ethical and societal values such as human rights, freedoms and personal rights that can be violated in the process of digitization (Dörr, 2021, pp,71).

In 2016 US elections results were highly dependent on social media campaigns that rely on machine learning and algorithms. In this campaign Trump ran 5,9 million ads on Facebook spending a little less than 6 million with reason to change citizens' attitudes by delivering tailored messages to targeted people. Instead of embracing free and fair electoral rights of citizens the citizens were exposed by manipulation via social media. This is well explained by Bogost & Madrigal (2020) ” *instead of paying to put particular media in front of a specific*

*audience, an advertiser now pays Facebook to deliver a selected outcome from a certain stripe of people".*

Increased concerns about data privacy have caused corporations to act upon, which is vital because behind every code stands a company whose responsibility is to make sure that the data provided by customers is handled ethically and securely. As Boerman et al. (2017) indicate that the duty of the companies is to increase transparency and provide data protection. This aligns with Dörr's (2021) finding: the company's duty to handle data in a compliant manner and the key for digital business models is data protection and security. Transparency and data protection goes hand in hand because according to Dörr (2021) those are the key elements to build trust between businesses and customers.

Consequently, data responsibility is done by disclosing the data and promoting transparency which strengthens the trust between the parties. As Shaw (2020) indicates that trust involves transparency, responsibility, understanding and truth (p,176). This simply means that companies must be open to share the information about what they are doing, why and how each party involved will be impacted along the way. In many cases, this is not a norm which is why we have entered into the point where individuals have to weigh between the benefits and costs of disclosing personal data to a firm (Plangger and Montecchi, 2020).

Furthermore, Lobschat et al.'s (2021) and Porter & Kramer's (2006) understanding of CDR resonate with the view of shared values. Shared value can be defined as a management strategy in which organizations seize business opportunities within social problems and as an output creates both economic and societal value (Porter and Kramer, 2006). Porter and Kramer's understanding of CDR reinforces the idea of how implementing a proper CSR strategy strengthens the shared value both for companies and society. Similarly, Lobschat et al. (2021) state that CDR is a set of shared values and an ethical responsibility designed to guide the organization's operation in the area of digital technology and data. Lobschat et al. (2021) stresses out the importance of organizations' approach on CDR and its implications on society which instead can prompt for emergence of greater political actions like GDR or other notable frameworks which all in all will shape the future of our society (p,885).

## 2.5 CDR in the context of Data-Driven Marketing

The customer behavior and business operating models have heavily transformed along the way while development of new technologies has risen. Companies have arrived to the point when they are longing for varying ways to remain competitive in their respective markets in the hypercompetitive environment (Uphill, 2016). The primary reason for the change lies within the booming digital transformation which is a striking transformation of contemporary society that has a far-reaching effect on consumers, employees, companies, and society (Hagberg, Johan, et al., 2016). Amit and Zott (2001) consider digitalization as a simplification of a new form of value creation. According to Fors (2010), digitalization is a continuous process that should be approached with openness to what it might enclose. Foremost, digitalization is not merely something that is being imposed on people and firms, but rather something that people and firms do and create themselves in everyday life and in the forms of social interaction (Moisander and Eriksson, 2006, p. 258) Lacerda and Jamil (2021) go further in the recent study arguing that digitalization is omnipresent with all moments of our lives and where we run out of space to dissociate offline from online.

As the people and business has shifted from offline to online environment organizations have recognized its potentiality as a marketplace and this is when the digitalization and deployment of data have been merged (Lacerda & Jamil, 2021). It's no wonder why data that is referred as most valuable asset of many companies: 2,5 quintillion bytes of data are generated by individuals' everyday through GPS data messages and pictures, Google executes 3,6 million searches and 69 thousand hours of video is watched on Netflix (Zicari,2012; Wilson,2019, pp,1). Within the past few years, the data availability has increased tremendously, businesses have started to explore new ways to leverage this opportunity of increasing data for new insights, actions and a competitive advantage (Wilson, 2019, pp,1).

The increased amount of data has given marketers entirely new ways of obtaining insightful data-based applications and multi-channel solutions. This has enhanced the effectiveness and efficiency of marketing activities and eminently changed customer experience (Kannan & Li, 2017).

The data has become a central element guiding the marketing decision. Big data is defined as a highly unstructured and complex data set that can be generated rapidly but cannot be



used before it is converted into proper insights (Bansai & Kumar,2020). To make big data effective, machine learning is the solution: it is a technique that boosts system performance by learning from experience through computational methods. More specifically learning algorithms are created which build different models from data that can make predictions or patterns to assume the possible outcome (Zhou, 2021). Artificial intelligence -driven products and services have grown in popularity among businesses because of its ability to reproduce the intelligence of human actions with the help of technology and data. More and more AI implementations such as voice/image recognition, chat boxes and robotics are being implemented by companies in the near future to guide their daily operations (Hickman & Petrin,2021). Altogether, McKinsey (2017) claims that 2021-2022 will be a groundbreaking year for adoption of AI, based on his findings he states that during the coming years approximately half of the companies and over 70% will integrate at least one artificial intelligence or machine learning-based application in their operations.

The other side of the coin is that because of the easy access for enormous amounts of data anyone can have today there have been various data breaches and actions where the customers' data has been misused or left unprotected. A real-life case for instance when the data breach took place at Vastaamo Psychotherapeutic Centre where thousands of patients' databases were exposed and left vulnerable. Similarly, the social media giant Facebook has experienced data leaks numerous times, but the recent case was when hackers made public on an online forum over 500 million Facebook users' personal data. Moreover, in 2018, a well-known airline carrier faced a data breach in which hackers assembled over 244K credit card information from their customers (Liyanaarachchi, Deshpande & Weaven,2021).

Consequently, privacy and responsible data use has become a burning issue over the past years. An increasing number of customers are concerned about own rights and privacy has come to the fore and caused legislation to act upon (Wieringa, 2021). Due to the introduction of General Data Regulation by the EU in 2018 the collection of customer personal databases became restricted by law. This provided more power for the users to control over their data when it may be used or for what purpose (Wieringa, 2021). Despite the legislation's intervention to reinforce data privacy, the ever-evolving technology paired up with creativity that fosters innovative approaches the boundaries are breakable (Wieringa, 2021). Thereby, organizations have a significant role in terms of digital responsibility. Organizations must

hold accountable for their data-driven marketing actions to not only protect the privacy of their consumers, but also protect the risk of damage to brand value (Wieringa, 2021).

Custers & Bachlechners's (2017) framework of four perspectives on data reuse resonates with the theoretical framework of this study by stating that there are four following perspectives that must be considered when reusing the data: legal, technological, societal, and economical. This view implies that these four conditions must be met in order to initiate for data reused: compliance with legislation, technological possibilities, acceptance by public and viable business cases. If the conditions for data reuse are not successfully met, then there will be no reason for data reuse. The figure 3 illustrates Custersin & Bachlechnersin (2017) framework in more details.

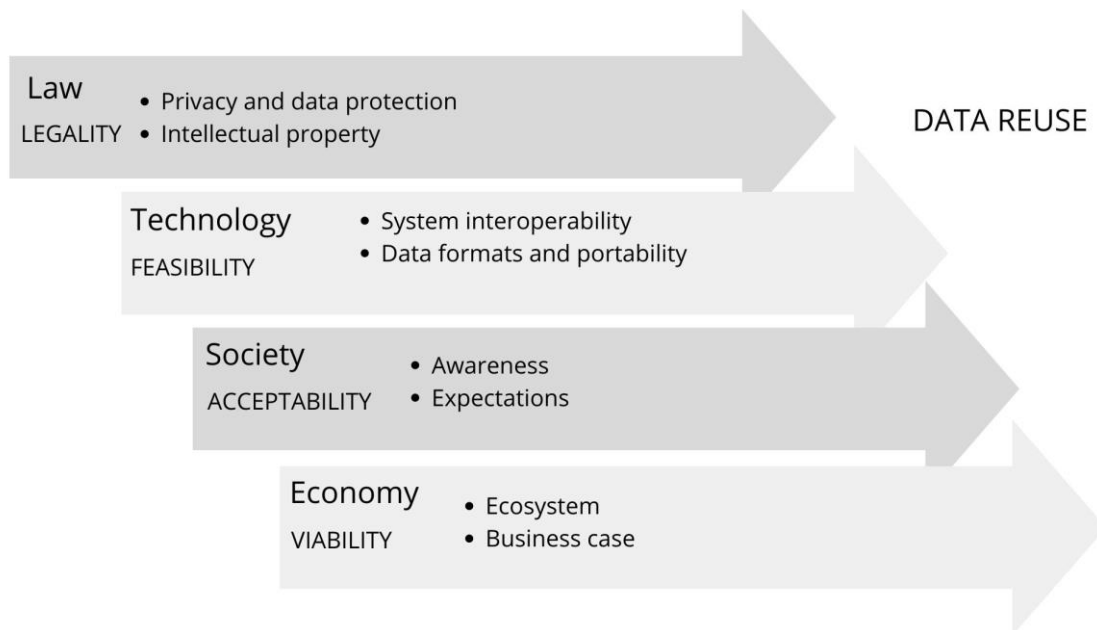


Figure 3. Four perspectives on data reuse (Custers and Bachlechner 2017,6)

## 2.6 CDR and Data-Driven Marketing research gaps

All things considered, implementation of new guidelines with respect to digital technologies and data is urgently needed since the implications of increased digitalization is ubiquitous affecting all three main groups: companies, customers, and society.

Nameless, to maintain the trust of the customers according to Cooper and LaSalle (2015) "companies should focus on collecting and storing only the relevant information that is necessary to ensure security of the data". According to the Harwards's study only 3% of the

data-on-data quality score can be rated “acceptable” (Nagle, Redman & Sammon, 2017). As previously stated, to execute responsibly in the digital era, companies should focus on quality of data instead of collecting vast amounts of data without purpose. In the past there has been little research on what are the customer responsibilities in the digital age. Herden (2021) argues that it is vital that users become aware of the value of their personal data and choose carefully what information they are willing to share and what information they want to keep private. This requires inputs from both sides, companies, and customers. It requires companies to place security as a key priority to ensure unconditional trust which can be achieved via reinforced transparency of data practices, security measurements, internal data security regulations and continuous training of employees (Cooper and LaSalle 2015).

Correspondingly, in terms of customers, it is important that they define their limits when it comes to disclosing their personal data. According to the findings by Norberg et al. (2007), there is a so-called privacy paradox meaning that people indicate that they are concerned about their privacy, so they prefer not to disclose their personal information, but Norberg found out that they provide their data in exchange for small benefits or for convenience. Ergo, they accept cookies managed by websites or click the advertisement if they consider the benefits outweigh the costs (Aiolfi, Bellini and Pellegrini, 2021). Thereby, there is a conflict between what people express and how they act. Similarly, there has been a debate about divergent consumers’ privacy preferences and how companies can execute exceptional privacy practices, when customers differ in how they deliberate the trade-off between convenience and data minimization (Zeadally and Badra, 2015, pp, 21).

Another thing that has caused confrontation is the new technological innovation which is said to invade people’s privacy via surveillance. New advance technology is perceived an ethical issue because it is usually managed by big data whereas the data is collected by the proliferation of sensors in mobile devices and public spaces everywhere we go real-time location data, biometrics collected from eye-tracking, video surveillance, and health sensors (Zeadally and Badra, 2015, pp,338). This view aligns with Orlowski's (2020) perception of how we live in the time of surveillance where we are being constantly controlled by artificial intelligence and machine learning since every move online is being monitored, measured, or watched.

It is clear that there is an existing challenge for companies to find a fine line between personalization and privacy, and to understand that transparency can lead to the emergence of shared values and enhance the trust between the companies and customers. In literature, preliminary research can be found on negative and positive impacts of digital transformation, but only little on how companies are adapting and taking responsibility for the changes that arise from digital transformation. Yet only a little research can be found on various opportunities disclosing the data can bring for the companies and how the perceived threats of digital transformation and technology can be tackled before it starts to turn against them, and thereby, reflects diminished competitive advantage of companies.

Thereafter, for customers to gain more power over their data, companies must conduct ethical guidelines and rules for handling customer data and technology. This leads to the next research gap that can be found in the context of CDR. Digital transformation initiated by digitalization results in a persistent process of change among society and at the same time triggers deficits and uncertainties with regard to proper handling of digitalization (Herberger, Jörg & Dötsch, 2021). More specifically, Andersen (2022) states that companies need to think about beyond technological tools and services; they must make sure the societal impacts of the digital products and services they produce are compatible with value standards as they evolve. Similarly, Dörr (2021) states that because current data protection frameworks fail to convey the social effect of data use that is based on ethical and societal values there is a need for an ethical regulation that guides to the data management and digital operations across corporations and equivalently directs all parties amongst digital transformation (p,155).

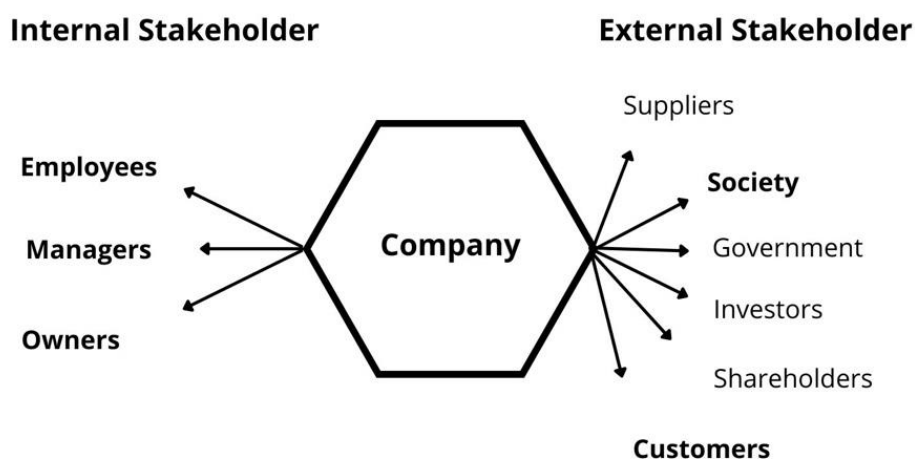
### 3. STAKEHOLDER THEORY

The roots of stakeholder theory are drawn from the combinations of the social sciences like sociology, economics, politics, and ethics. Yet, the phenomenon has brought forth countless interpretations and lines of work and over more than 5000,00 hits can be found from Google scholar (Emerson, Alves and Raposo, 2012, p. 1862; Wasieleski, and Weber, 2017, p. 2). Stakeholder theory proposes the idea that value creation is a mutual effort providing benefits for the focal business and all its related stakeholders (Freeman, 2010). The fundamental task for the focal business is to coordinate the value creation with and for stakeholders in harmony with the joint purpose (Freudenreich, Lüdeke-Freund and Schaltegger, 2019). The value is created for the individuals who might influence or be influenced by the company (Freeman, 1984, p. 25). Consequently, companies' responsibility is to evaluate who are the main stakeholder groups and how they can meet the expectations, and thereby create manifold benefits to a wide range of stakeholder groups with different interests. If the value creation does not provide benefits for all parties, an organization might be at risk to lose its business partners, resources, and legitimacy (Freudenreich, Lüdeke-Freund and Schaltegger, 2019). This means that organizations are dependent upon these stakeholder groups for their success (Phillips, 2003, pp,3).

Savage et al. (1991) argue that there are two distinctive qualities that aim to help to identify the stakeholder: either it's a claim or an ability to influence on organization. Reed (2002) suggests that there are three main views of stakeholder theory that helps to differentiate stakeholders on the logical basis: descriptive, instrumental, and normative (pp,169). The descriptive view aligns with the Freeman's stakeholder view, it is determined as to whether the stakeholder is influenced by the company or is likely to impact the firm, whereas instrumental view suggests it as the need by management to take it into account when trying to reach their objectives (Reed, 2002, p, 170). Normative stakeholder view is described as a group of people whom the company has a moral obligation (Reed, 170). This is also referred to as a frequently used term for stakeholder in context such as employed, customers, suppliers, and local communities because it addresses the ethics of stakeholder and moral justification of the organization (Phillips, 2003, pp, 28,67). Contrarily, derivative stakeholders are the group of people whom the company has no direct moral obligation but can harm or benefit the organization such as competitors or media (Phillips, 2003, p 30).

According to Rowley (1997) stakeholder theory of the firm should define the type of stakeholder influences and how organizations respond to the influences and demands of multiple stakeholders that vary over time (p,889). Freeman (1980) continues that it is necessary to comprehend why and how stakeholder groups emerge and how corporations respond to them in the time of turbulent, constantly changing business environments.

The relationships between the company and its stakeholders can be as diverse as the stakeholder definitions itself. According to Wasieleski & Weber (2017) the relationship can be voluntary or involuntary, direct, or indirect, primary or secondary, economic, social or moral to name a few (p,25). The most general approach to classify the stakeholders of a company is with respect to whether they are internal or external to the company. The two dimensions are illustrated in figure 4. In this paper the main internal stakeholder groups are defined as managers and owners of the company and the external stakeholders that we will focus on customers and society.



*Figure 4. Internal and External Stakeholders*

Furthermore, according to Crane, A & Matten, D. (2010) there are other bodies that have legitimate interest in the company aside from shareholders. Nameless, companies have

ongoing legal contracts with different stakeholder groups such as employees and suppliers, and thereby they have a legitimate claim. A flip side of those legal contracts are referred to the negative side of economic activity or more specifically, problems with externalities and agency problems. The primary refers to a problem that is not directly linked to the company but affects groups that are not connected to the company via legal contracts. For instance, a company has externalized its manufacturing and this manufactory causes toxic pollution to the air. Whereas agency problem is defined as a conflict of interest that arises midst the principal and the agent. Jensen (1986) & Stevens et al., (2015) defines it as when a firm has high level of financial slack it enables powerful actors in the company to exercise personal agendas which cannot always be the best interest of each associated party. This can lead to the self-control agency problem that instead leads to the actions that satisfy noneconomic goals, and thereafter reflect negative consequences in terms of the firm's profitability in the future (Stevens et al., 2015).

### 3.1 Stakeholders' expectations

We live in a world with a mix of diverse expectations where businesses aim to evaluate their values and activities according to the interests of various stakeholders. Internally companies face expectations from the employees, managers, and board of directors. The managers may expect different degrees of autonomy to govern teams or support to perform their roles. Whereas employees may expect to receive transparency, motivational working environment, equality, adequate training, development opportunities or competitive wages. Vice versa, businesses help employees to further their knowledge and capabilities, providing social benefits and fair wages in order to optimize the value for the focal business (Freudenreich, Lüdeke-Freund and Schaltegger, 2019).

During the time of digital transformation, the expectations of stakeholders are increased by the concerns of the public. Back in the days the contributions of policy making were strictly made at the government level. The rise of digital technologies has increased the volume of communication and engagement coming from citizens and the public (Longo, 2017). Digitalization has provided increased opportunities for the stakeholder and citizens to participate in conversation and be engaged, which have made them feel more inclusive and diverse (Longo, 2017).

The rise of stakeholder engagement and opportunities for the public to participate has contributed to the new development and innovation and it has opened new doors for groundbreaking solutions and services. Study by Nygaard et al. (2021) verify that stakeholders can influence innovation and technological development just as their acceptance and perception changes over time towards the development of new technological implementations. Thereby, stakeholder engagement is vital because it can enable a consensus-driven dialogue between the key stakeholders and it can help to create a common and more in-depth understanding of the issues (Nygaard, et al. 2021).

Along with stakeholder engagement companies have realized the importance of value creation. Stakeholders expect to receive value from the companies and vice versa. The value creation is a collective effort as findings of Donaldson and Preston (1995) indicate that stakeholders offer resources, influence the business environment, affect efficiency, as well as impact. Freeman's (2010) understanding aligns with Donaldson and Preston's perception of stakeholder value creation as it argue that failing to support stakeholders can discredit the viability of a business which refer to the fact that it is unfeasible to operate without sound relationship with both internal and external stakeholders (Freudenreich, Lüdeke-Freund and Schaltegger 2019). Lukede-Freund and Dembek (2017) encapsulate that the goal of stakeholder management is to find a joint purpose which should result from the shared values between the stakeholders and the organization and thereby distribute a solid reference point for joint value creation.

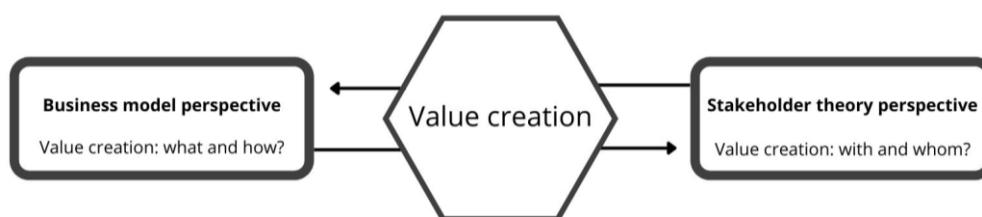
### 3.2 Business model perspective vs. stakeholder theory

As discussed earlier in the section 2.2, over the years customers have gained more and more power as the access of information and number of product and service providers have increased in numbers. Technology has provided ease in one's everyday lives and we have become acquainted with the highly intelligent services and products and will not expect anything below, rather over and above. In the perspective of the business model, it is fundamental that the customer is in the center of value creation. According to this view customers will participate in the value exchange if they believe the product or service is providing them value or meeting the customers personal need (Woodruff, 1997). Contrarily, from the perspective of stakeholder theory, service and product are not only perceived as value creation, but it extends beyond for instance customized product designs or service,



personal data etc. To demonstrate this, the multinational online retailer Amazon has been able to tackle the heightened customer expectations by taking a customer-centric approach which focuses on providing efficient customer experience with reasonable prices, expansive product catalog and fast delivery. On top of that they are known for their online advertising techniques to retarget people who have viewed products on their website in the past. Therefore, Amazon has set a high standard for all retailers with its progressive e-commerce transformation that people started to call it as the Amazon effect (Vollero et al., 2021). As the preferred shopping experience has transferred from offline to online the expectations towards companies have intensified. Moreover, customers expect to purchase things that fit their needs and not the retailers or manufacturer's needs (Oh and Teo, 2010). Thereafter, companies' responsibility is to be able adapt their business models and operation towards a more customer focused to create additional value.

The figure 5 displays the stakeholder value creations from both the business model and stakeholder theory perspectives. The table indicates the interconnectedness of business models and stakeholder theory stressing on the value flows between the focal business and its customers (Freudenreich et al., 2019). The table illustrates the fundamental idea of value creation in the context of business environments.



*Figure 5. Value creation from the business model and stakeholder perspective*

### 3.3 Corporate responsibilities

Enlarged demands of stakeholders have increased pressures of organizations to meet the expectations of each stakeholder group, and as a result the responsibilities of companies have expanded (Clement, 2005). There are various factors that organizations must take into account when it comes to managing stakeholders' expectations. In this paper, the emphasis

will be on two stakeholder groups: customers, society, owners, managers and employees and it will focus on defining what responsibilities companies are facing from those particular groups and vice versa.

It is reasonable to consider the Carroll (1991) Corporate Social Responsibility (CSR) pyramid which evaluates different perspectives of organizational responsibilities in the context of moral stakeholder management. According to this pyramid indicated in figure 6, companies' responsibilities are 4-fold depending on the interests of the company. The classification depends on the degree of the emphasis the company holds on any of these following responsibilities: economics; be profitable, legal; follow the law, ethical; do good for others and philanthropic responsibilities; be a good corporate citizen (Carroll, 1991). The more the organization's key priorities and emphasis areas fall under those categories on the pyramid the more those will reflect on the type of responsibility the company is engaged in.



*Figure 6. Carroll's CSR pyramid*

#### 3.4.1 Corporate digital responsibilities for customers

The customer expectations have heavily transformed while development of new technologies has risen and vice versa (Brakus, Schmitt and Zarantonello, 2009). For instance, during the past years the shared economy model has raised significantly where customers prefer to share resources rather than own it (Gavrila, & Ancillo, 2021). This has created challenges for companies to keep up and adapt to the new customer preferences. Moreover, because of the transforming digitization companies have increased responsibility to adapt their operations to meet the technology requirements to stay competitive. Customers

are starting to get used to new advanced technology and they have many alternatives to choose from if they are not satisfied which also creates pressures for the companies. The superior product element is no longer enough because there are a great number of other companies that are doing the same thing (Berry et al. 2002). Adding onto that, according to Dholakia et al., (2010) customers are looking for more demanding experiences than before. The study by Dholakia et al. (2010) indicate that the purchasing patterns have shifted from straightforward economic transaction towards more experiential transaction.

Not only experiences, but also services have become digitalized. Digitalization has transformed from door to door selling almost solely to online advertisement which have created additional strains for companies to achieve digitalization. The products and services no longer sell themselves, they require intelligent solutions around them to create buzz. Leading to customers demanding more touchpoints to their customer journey. As Balakrishnan et al. (2014) indicates: to create product or brand awareness marketers must create a meaningful story for the brand or product and the best way to do it is through social channels network such as through social media, influencers, and product recommendations. Altogether, customers create multiple expectations for companies, and thereafter it is important that companies engage with customers and develop two-way communication, so they can be proactive, exceed the expectations and create an additional value.

There are other responsibilities that companies face such as legal responsibility. Conforming to Hoffman & Novak's (2018) early expectation, the Internet of Things (IoT) industry equal in value to \$3 trillion by the end of the year 2025, including \$27 billion things linked to the internet. IoT relates to various objects and products from our everyday life; the sensors collect, and actuators transmit data of which is incorporated exclusively of consumers' objects they possess and engage with while shopping, exercising, cooking, and driving etc. (Edelman, 2018). Thus, legal actors must have intervened and the implementation of GDPR has established to set the data principles and practices to protect the personal data.

This leads to one of the most challenging issues in marketing today which is ethical responsibility with regards to data privacy. As Christiansen (2011) states that nowadays the threat posed by invasion of personal privacy is becoming a major concern. This issue is exceptionally controversial, the consumer must contemplate between personalization and

privacy. According to Edelman (2018) many consumers choose not to share data and privacy for a more personalized experience, are objectionable with their purchases being tracked and believe it should be against the law for brands to be authorized to buy their data (Edelman 2018). How far the companies are willing to go and how much privacy customers are ready to trade off for more personalized marketing communication remains controversial.

From the digital responsibility point it is vital that companies hold accountable for their data actions to show respect for the privacy of consumer. This can be done by openly disclosing their principles and operating models to the public and providing transparent information on the use of data for their customers and stakeholders. As in many industries have become customer oriented where the decisions on the services and products based on the needs and wants of the customers. Similarly, corporations could seize the opportunity to use data in accordance with the interest of customers. Provide customers opportunity to determinate on the use of their personal data.

#### 3.4.2 Corporate responsibilities for society

Another external stakeholder group that companies must hold accountable for is the society. As hacking activities are expected to increase in frequency, cybersecurity has become a crucial topic among companies' digitization and digital transformation (Ontsi, 2017). Thereby, companies are expected to incorporate data security activities to protect the personal data of citizens that may be exploited in the process. Moreover, as data regulation laws have come into force to protect the misuse of personal data it has at the same time heightened companies' responsibilities regarding information privacy and forced them to adapt and incorporate new data privacy procedures into their operations. Privacy issues are also linked with ethical obligations which have created a fundamental responsibility for corporations (Gavrila & Ancillo, 2021). It is apparent that not all the people are familiar with complex data processes or surveillance systems that affect or takes place clandestinely. Until this difficult subject has been brought up, people have started to be more aware of it and thus demand a high level of transparency (Betzing et al., 2020). Yet, the organizations have the keys in their hands to communicate these issues caused by the digital transformation to the public.

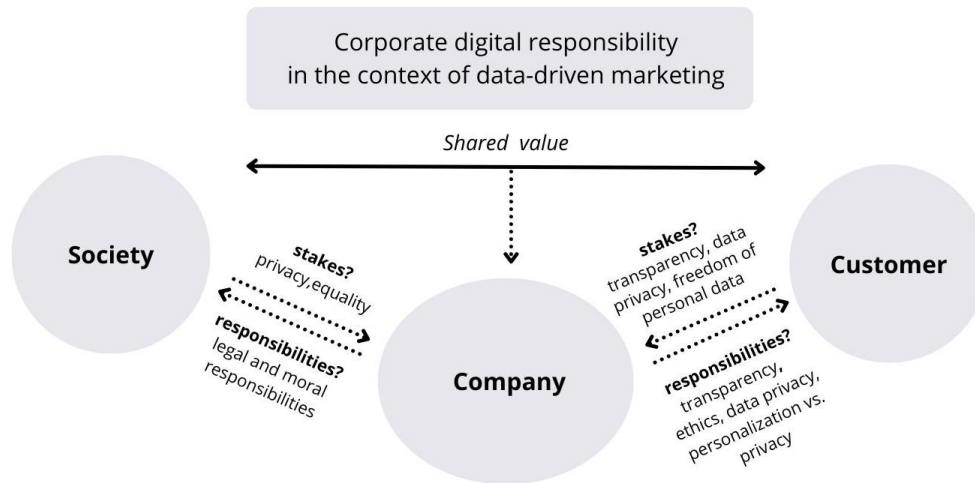
### 3.5 Theoretical framework reflected on stakeholder theory

All things considered, in order to understand the fundamental reasoning of the stakeholder theory in the context of corporate digital responsibility we must consider the theoretical framework of this study which is extended by the information in the previous sections. The stakeholder value creation framework is commonly used to define a joint value creation process between different stakeholder groups. The figure 7 presents how the shared values are created between company, customer, and society. The bottom line of this figure, company is placed at the center. As discussed previously, companies' actions impact on various groups directly or indirectly. Thereby, companies' holds various responsibilities to different stakeholder groups and these groups are evaluated by the group's importance to the company. The importance depends on the core values the company prioritizes or perceive valuable among others. Again, the stakes represent various stakeholder groups that have interest or are affected by the company. The key idea behind this framework is to review this examined phenomenon from the symmetric perspective, meaning that companies should constantly evaluate the groups that are relevant to the company, they should regard it from both perspectives: what is the stakeholder impact on the organization and organizational responsibility on its stakeholders (Wasioleski, and Weber 2017).

Moreover, reflecting Carrol's (1991) ethical approach of stakeholder theory to corporate digital responsibility. The key idea is to conduct ethically, try to tackle the issues that may cause harm in the digital world and focus on providing its benefits to the stakeholder. In the line with Carrol's (1991) findings as we live with insufficient laws and regulations that govern digital transformation it is important that companies behave in an upstanding and act fair manner and even beyond what is required by law to exceed stakeholders heightened expectations (Carroll, 1991).

Consequently, the theoretical framework addresses normative stakeholder view which drives for ethics of stakeholder and moral justification of the organizations. It provides guideline for companies of how to operate under various conditions in an ever-evolving digitalized business environment (Brenner & Cochran, 1991, 452). Companies' actions impact not only on customers and society, but more beyond which is why they must hold accountable for environmental, societal, economic, and legal responsibilities. Finding a fine line between personalization and privacy and taking a customer centric approach to understand better how

to meet different needs of the stakeholders and create additional value for them. Together with transparency, making sure it is being carried out throughout the business operations especially when it comes to data utilization.



*Figure 7. Extended Theoretical Framework*

#### **4. RESEARCH DESIGN AND METHODS**

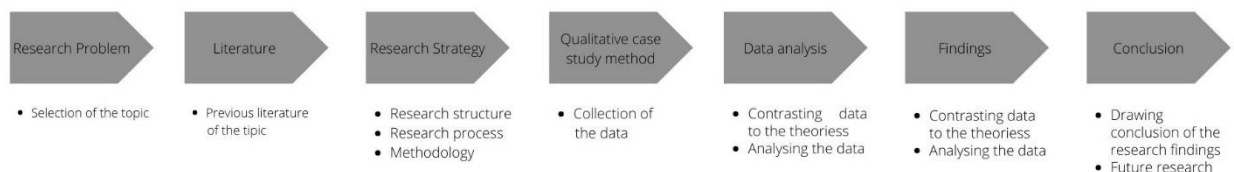
In this chapter, the research strategy and design of this study will be defined, and the research context will be introduced. The empirical research setting will be established, and the research questions will be presented. Following, the process of data collection and analysis of data is explained and estimation of the quality of this study will be described. The purpose of this section is to introduce empirical research as transparently as possible and later reflect the findings to the preliminary literature founded on the topic. The entire research process will be outlined, and the decisions will be justified.

##### **4.1 Research strategy and design**

The empirical part of this research is conducted by using qualitative research method. To examine corporate digital responsibility in the context of data-driven marketing the qualitative approach to data collection was chosen due to its ability to enable understanding of the research phenomenon's complexity and its nature (Kähkönen, 2011). To find the answers to the open-ended questions "how" and "what" of relatively new phenomena the research method utilized is qualitative (Strauss and Corbin, 1990). According to Saunders et al., (2007) when conducting qualitative research three groups of research strategies can be selected and those are exploratory, descriptive, and explanatory (pp,133). Out of the three options the most suitable approach to conduct this study is to follow exploratory research strategy since it aims is to understand the problem more in-depth and thoroughly (Yin, 2003). In addition, corporate digital responsibility is a relatively new research topic and has insufficient information in the context of data-driven marketing and thereby, exploratory research presents a good foundation for this study. The decision bases on the fact that the purpose of the thesis is to gain more insight into the topic that is currently being, to a great extent, undiscovered.

By nature, this thesis is descriptive, and it follows multiple-case study research to disclose the research questions. There are different types of qualitative research methods: observation, interviews, and questionnaires. This study is conducted through different sets of interviews. The interviews follow semi-structured approach which creates opening for narrative to unfold but also includes questions informed by theory (Cross & Galletta, 2013, p,2). Providing possibility to pursue the topic of the study in more depth with the participants

(Cross & Galletta, 2013, p,3). Due to the open discussion, it enables space for further elaboration and provide additional information of the research topic. When a study comprises more than one single case, a multiple case study is required (Gustafsson, 2017). Since the study focuses on researching the phenomenon from three different perspectives the case study enables to analyze the data both within and across the situation and evaluate the differences and similarities between cases (Baxter & Jack, 2008; Yin, 2003). The figure 8 illustrates the research process step by step.



*Figure 8. Structure of the research*

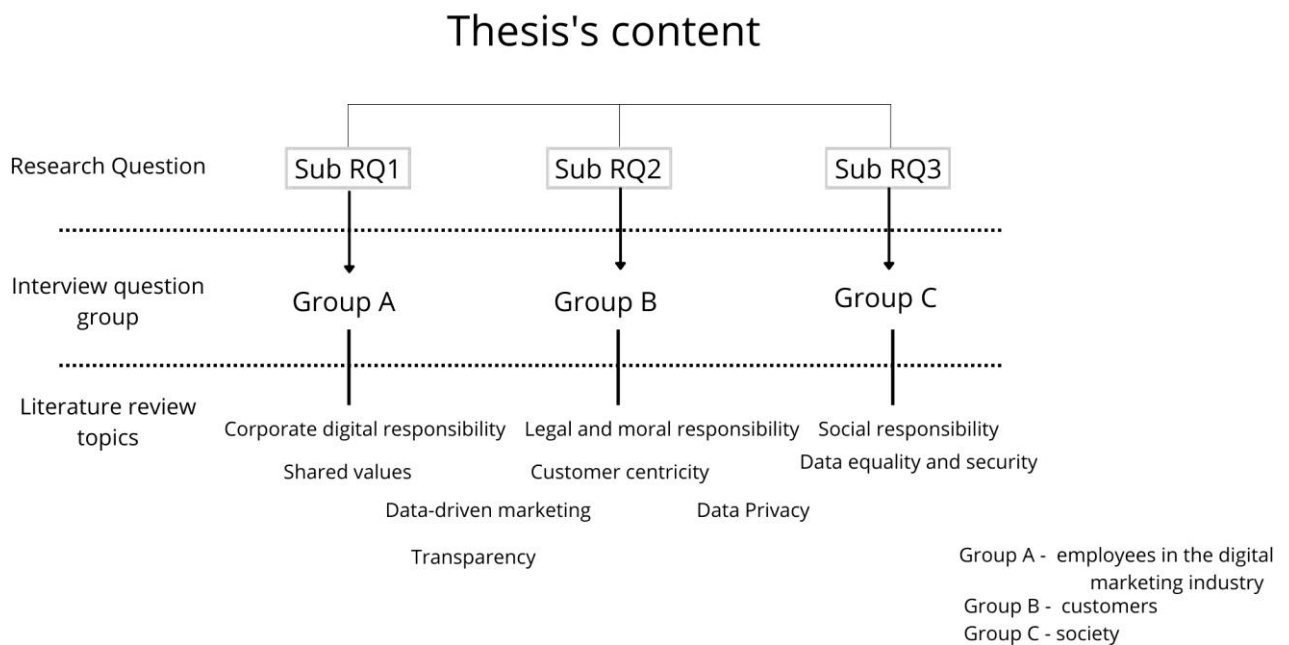
## 4.2 Research context

The context of this research was to identify the organizations' responsibilities as well as customers and society's expectations in the digital age. The increased digitalization has had comprehensive impact on various parties within society. The lack of preparedness by companies to respond to the digital transformation has similarly initiated a domino effect causing challenges to its recipients such as customers and society. Although, in 2017 Finland was ranked second in Digital Economy and Society index (DESI) by European Commission we would think that organizations are able to handle all the consequences what comes with the digital transformation. (European Commission, 2022). In addition to that, taking consideration we have our very own organization, The Finnish Innovation Fund Sitra, whose mission is to help to make our digital world fair and more human-driven, has published guidelines for the companies to act accordingly. However, companies have executed insufficient effort towards digital responsibility.

The context of this research was to understand the relationships between corporate digital responsibility and stakeholder value creation: how corporate digital responsibility creates shared values to all parties. Also, the study aims to explore how incorporating regulations to



guide the digital environment could help companies to address and tackle the related challenges caused by digitalization. All in all, how can we embrace the opportunities of increased data-driven marketing when digital responsibility is addressed, and contrarily when failing to do so, what would be the threats. The figure 9, encapsulates the research content which will be explained in more detailed in the subsequent section.



*Figure 9. Thesis content*

### 4.3 Data collection

The data was collected through a qualitative method. The choice of data collection was semi-structured interviews to gain a deep understanding of the studied phenomenon: professionals who works with data, customers who are engaged with digital devices and society in Finland. The key is to collect opinions of various informants from different background to gain diverse perspective to the researched topic (Eisenhardt & Graebner 2007, 28). Also, to discover new aspects with an open-ended question to get interviewees to fully immerse into the study.

The sample size of the study in qualitative research tends to be much smaller when compared to quantitative research (Denny & Weckesser, 2022). The sample of this study consist of two

separate groups: first group includes a Finnish company operating in the media and marketing sector, second groups comprise of customers who are daily engaged with digital applications. The second group work also as a representative for society meaning that there will be two sets of different questions for the customers one which examines customers perspective of the phenomena and the other which focuses on society's perspective. To achieve broader exploration of study questions and theoretical elaboration this research aims to compare different expectations within and between stakeholder groups (Eisenhardt & Graebner 2007).

As mentioned, and illustrated in the figure 6, there will be three different questions sets conducted to the beforementioned sample groups. Question set A is tailored to the first group that consist of digital marketing professionals, question sets B for the customers, and lastly the question set C for the society. More specifically, the first sample group includes a case company operating in highly data-driven industry. The interviewees backgrounds differ with respect to their education, knowledge, and work experience within data-driven industry. All interviewees' current responsibilities fall into area of digital marketing, and they were all familiar with data-driven marketing practices. The question set A focuses on finding better understanding of the opportunities and threats corporate digital responsibilities can provide for companies.

The second sample group comprises customers. This sample includes interviewees with various backgrounds, but what unites them all is that they are keen to ongoing changes in the digital environment, and they engage with digital technologies in daily basis. The question set B emphasis customers' perspective on data privacy and their expectations on digital responsibility in the data-driven marketing context.

The questions set for the group C aim to study the impact of digitalization through the lens of Finnish society. In this context, the focus is on society's expectations upon organization's digital responsibility. The interview questions aim guide the interviewees to address their needs and challenges of digital transformation in the political and legal perspective. Moreover, the questions aim to seek better understanding of the state of data protection and privacy from the angle of society.

The interview was conducted individually, one respondent at a time with 30 to 60 minutes lasting sessions carried out via online video call on Microsoft Teams. All interviews were recorded and later transcribed into Microsoft Word- document. Microsoft Excel was used to analyze the similarities and differences between the findings and the associations among the samples and across them.

This research aims to follow extended case method which purpose is to challenge existing theories and involuntarily to reestablish new knowledge (Burawoy, 1998). So instead of only reinforcing the preliminary literature, this research aims to challenge the existing theory and strive to extend it further.

In addition, semi structured interviews require participants' engagement in order to achieve further elaboration and depth of interviewee. The strength of this approach is that it guarantees full accuracy since the setting allows to clarification and reformulation between the questions in case of misunderstanding (Galletta, 2013).

The sample of this study includes company representative who all work in the same Finnish marketing agency company. The company name is protected due to the privacy. The company representatives' educational background is either in Master of Business Administration or Bachelor of Business Administration. Their work experience varies between the interviewees 1,5 years to 10 years in the data-driven marketing. However, their background differs regarding their knowledge in the field. Half of the sales representatives are females, and the other half is males. When it comes to customer and society stakeholder group interviewees' background, education and knowledge varies from individual to individual. Like in the company stakeholder group also in the customer and society stakeholder group half of the interviewees were females and other half were males. Figure 7 summarizes the details of the interviews.

The collection method that the study followed was convenience sample. The reasoning for the convenience sampling method is the author's convenient access to the company representatives because one works for the company at the time of the data collection. Whereas the customers / society stakeholder group interviewees were randomly selected among existing contacts by author.

| Stakeholder group  | Interviewees  | Position                                | Industry          | Length | Interview method |
|--------------------|---------------|---|-------------------|--------|------------------|
| Company            | interviewee 1 | Digital Planner                         | Digital Marketing | 32min  | Microsoft Teams  |
|                    | interviewee 2 | Digital Manager                         | Digital Marketing | 34min  | Microsoft Teams  |
|                    | interviewee 3 | Senior Technical Specialist & Invoicing | Digital Marketing | 38min  | Microsoft Teams  |
|                    | interviewee 4 | Senior Digital Planner                  | Digital Marketing | 28min  | Microsoft Teams  |
|                    | interviewee 5 | Digital Manager                         | Digital Marketing | 30min  | Microsoft Teams  |
|                    | interviewee 6 | Digital Planner                         | Digital Marketing | 25min  | Microsoft Teams  |
| Customer / Society | interviewee 1 | Director of Financial Services          | Finance           | 40min  | Live session     |
|                    | interviewee 2 | Export Documentation Team Leader        | Logistics         | 30min  | Microsoft Teams  |
|                    | interviewee 3 | Junior Marketing Expert                 | Marketing         | 27min  | Microsoft Teams  |
|                    | interviewee 4 | Insurance Advisor                       | Finance           | 28min  | Microsoft Teams  |
|                    | interviewee 5 | Junior Digital Planner                  | Digital Marketing | 35min  | Microsoft Teams  |
|                    | interviewee 6 | Ecommerce specialist                    | Ecommerce         | 36min  | Microsoft Teams  |

*Table 1. Interview details*

#### 4.4 Data analysis

Interviews were conducted and recorded in Finnish and afterwards translated in English by the author. Following, the important points of the interview content was summarized to understand the overlapping themes and ideas more comprehensively. There are multiple analysis techniques that can be used when it comes to qualitative case study methods. According to Eriksson and Kovalainen (2008) the process of case study analysis begins with analysis of individual cases and after that cross-case analysis will be conducted to contrast the closeness across each output.

This study will be conducted by utilizing thematic analysis (TA) which is a method that systematically offers insight into themes across a dataset (Braun & Clarke, 2012). Moreover, the TA method helps to find collective meanings of the collected data and it provides further understanding of those commonalities (Braun & Clarke, 2012).

#### 4.5 Reliability and validity

It is vital to discuss the reliability and validity of the study when analyzing the credibility of the research's results. The more consistent the findings are the higher the reliability will be. As Saunders, Lewis & Thornhill (2019) argue: when evaluating the reliability of the research the factors that should be critically evaluated are repeatability, accuracy, and credibility of the data.

Patton (1990) argue that when it comes to qualitative research there is no rules that correspond to sample size since the process requires instead transparency and flexible creative thinking. Instead, Van Rijnsoever (2017) argue that the proper amount of reliability depends on the theoretical saturation which can be reached when no new significant codes or uncovered patterns of the data emerge (Van Rijnsoever, 2017). Moreover, the choice of data collection itself, closed-ended questions leave little room for bias by interviewees, minimizes the insufficient responses and ignorance the choice of data collection.

When evaluating the validity of the research the replication should be utilized (Yin, 2009, p 45). More specifically, validity verifies whether the content in the studied phenomenon is relevant throughout the research (Saunders, Thornhill & Lewis 2019). It exists if generalization can be drawn from the research findings and the findings can be compared to other studies with similar topics. This research was conducted for the interviewees who work within the same company in the same industry sector and to randomly selected customers who are highly engaged with this phenomenon. However, the number of interviewees was relatively small, and the phenomenon is only fractionally researched which is why the findings provides only a small overview of the current state of the corporate digital responsibility in the context of the data-driven marketing.

## 5. FINDINGS

This chapter introduces the findings from the empirical research. The chapter is divided in three sections by each stakeholder group. Each section covers the themes around threats and opportunities of data-driven marketing from the perspective of digital responsibility. The first section analyses the phenomenon in the eyes of companies, the second section instead analyses the standpoint of customers, and the third section describes the phenomena from the bigger, society's view. The last, fourth section covers the similarities or unifying factors of these three-stakeholder groups.

### 5.1 Company's Perspective

The description of data-driven marketing in literature is that it aims to leverage insights from customers' transaction data to sell relevant products or services to the right customer at the right time (Kumar, Shah & Reinartz, 2006). In the study the interviewees were asked to freely describe data-driven marketing and the most common answer was that the data is the salt of digital marketing. Results indicate that the data-driven marketing is quite broad concept, but it was mainly understood by: *"cookie-modeled data, either first- or third-party data, is used to target particular audiences in digital marketing campaigns or when the different data sources are used to reach the desired goal"* (interviewee,5). Another well specified definition of data-driven marketing by a company representative was following *"The data-driven marketing is the future; we understand the importance of data nowadays and how it can be harnessed to build marketing solutions for all stages of the customer journey"* (Interviewee 4).

Similarly, when interviewees were asked about their understanding of the concept of data strategy and why it is important, majority of the interviewees understood that is a broader or a more advanced strategy that provide companies with extensive insights which helps to conceptualize what procedures must be done in order to achieve the objectives. Furthermore, interviewee 1 stated that *"when a data strategy is in use it indicates that the company has profound understanding of the data: how to utilize it and make data-driven decisions to satisfy the customers and add value to the brand"*. The reason why interviewees consider it is important was to be able to match the advertising for the relevant end user at the right time of their purchasing journey and foremost, creating value for customer.

Interviewees' understanding of the importance of data strategy was relatively strong. Despite of that, interviewees argued that only the few largest clients have it in daily operational implementation. However, as stated by interviewees: *"it is becoming a part of everyday operation in the near future"* (interviewee 4, 3). Interviewee 4 further stated that since the digital transformation thrive in constant change and understanding of the importance of data is increasing more and more, adopting data strategy is essential. Not because of the external pressure, but because it can lead both economical and societal benefits. Economic benefits come from developing depth understanding of the data through which manual work can be replaced with data-based solutions or less data can be collected to achieve the desired results and the data related processes can be done more cost-effectively (interviewee 4). Therefore, it can be stated that data strategy is a great opportunity for companies through which they can transform the information into a valuable asset that can bring benefits for all three stakeholder groups: companies, customers and society.

The preceding information was significant in terms of understanding interviewees' conception of corporate digital responsibility. From most interviewees' perspective the term was somewhat unknown, it was mainly defined through the data responsibility concept such as how to collect, process and utilize data responsible and transparently in a way that the digital footprint does not leak to the outside parties who could misuse the data. Furthermore, the interviewees response of its importance was following: *"There is no way to escape from the digital services today, they are self-evident today which is why it is important that those services are designed to treat all users equally, transparently and fairly"* (Interviewee 4). Interviewee 5 added on: *"customers are more and more aware of data and its collection which is why the companies should respect personal data more, because digital world is growing, and crimes are increasing with it and that's all the more reason why customers should be able to be at peace in the digital world as much as they want"*. According to the interviewees customers may know now how data has become a crucial pre-requisite for many companies, but they are also aware of the growing risks involved.

## 5.2 Threats of data-driven marketing from the perspective of company

### 5.2.1 Death of third-party cookies

Google controls nearly ninety percent of search advertising and owns more than 50 data centers, servers and backbones that conveys large amount of data around the world. More practically, Chrome is the most used web server that is owned by Google accounting for more than half of the web traffic globally (Adform, 2022). As customers demand for greater privacy and control over their personal data has intensified during the past few years, Google has responded to it and decided to protect the privacy of individuals by phasing out the third-party cookies. Third party cookies that are the trackers attached on Chrome which collects the page visitor information when they log in to a website and can be, thereby, used to target users with more relevant advertising. This is significant because as Google is being one of the largest technology giants globally and it controls great amount of power. The company's actions have major influence on other operators in the industry, who may start to follow the actions. Another reason for the third-parties death is changing industry and regulatory landscape. Other browsers like Firefox and Safari have stopped using third-party cookies since 2013. Furthermore, the emergence of regulations regard to how data can be used and collected such as GDPR and CCPA has directed Google for making this decision.

The death of third-party cookies was considered significant threat from the view of company representatives. Taking into consideration that the company representatives come from the digital marketing industry where the operations based on contextual targeting that uses third-party cookies to target the advertising to the relevant users. Interviewee 5 noted that back in the days the marketing was done mainly through outstanding big outdoor banners, main radio stations and TV because the strategy was to appeal to the entire market's audiences at one time, also called mass marketing. Today, the data provides variety of possibilities to advertise product and services for the relevant customers at the right moment. The more relevant product or service is for the customers the more likely the customer is going to make the purchase (interviewee 5). "My job is to find the best targeting solutions at the right time of end users' purchasing path to bring most value for the customer, it's a win-win situation: the customer gets relevant advertising and the firm get returns" (interviewee 5). Thereafter, a significant threat interviewee's related to was when Google phases off the cookies by 2023,



marketing and advertising companies must adapt to the changes and find new ways to operate in the marketing field.

When third-party cookies are phasing out the potential threats that the companies will be facing in the marketing industry is to track and collect the data. Retargeting is a fruitful way to reach potential customers because they are at the consideration level, in the level where the customer is heading towards the end of funnel and therefore, they are most willing to purchase the product or service. This functionality will no longer be in use because the website cannot track the web users in the site. Thus, this will complicate the tracking and measurement of the data. Marketers are no longer able to collect and analyze the data as viable than before which complicates the ad performance reporting. Data authentication, the process of confirming the origin of data becomes inaccessible. Moreover, tracking across domains such as identifying the web behavior between the different devices becomes difficult. Moreover, marketers cannot utilize different audiences based on the target user interests because of the shift towards digital privacy. Therefore, this restrict the ad personalization which is the essence of marketing. According to the interviewees, going through this massive shift, adapting, and finding complementary solutions to replace all this was considered as a huge threat.

### 5.2.2 Diminished data due to the uneven power distribution

When it comes to digital transformation it is not only how to improve efficiency in all areas of business through technological innovation, but it goes far beyond. As interviewee 2 stated “digitalization is omnipresent, it is a huge part of everyone’s life”, it shapes not only companies’ business practices, but also customers behavior. When customers engage in different digital platforms, they leave behind a digital footprint meaning that their identity is captured in the digital landscape. For some years back, only few users were aware of what happens behind the screen and rest were ignorant. Consequently, companies were able to fully control the data collection and direction of how the digital behavior has shaped for us today. As today the voice applications are constantly monitoring conversations and web trackers follow every move in the web and there is video surveillance placed in various public and private places. When this is done without customers’ consent it deprives their power of the decision.

When the power distribution becomes uneven, the companies lead the way with their own visions and customers follow without knowing their digital rights. According to the interviewees companies have excessive amount of power and control over customers when it comes to data activities. When asking how much power companies should have on the customers data the most common response was: “I think companies should not have any rights to collect personal data if the consent is missing from the customer side. The power should not be concentrated on the hands of companies rather on customers because they are in the first hand the authorizer of the data” (interviewee 2,3,6). Because of the advance expertise by companies in data the separation in powers is unbalanced causing threats within the industry due to the increased concerns by customers.

### 5.2.3 Complexity of data

Complexity of data accounts to be the reason for insufficient communication between the company and customer. Most of the company representative who have worked in the digital marketing industry for more than 4-7 years could not clearly answer to the question where the data is stored, which really gave indication how little understanding customers have overall on data processing activities. The common answer among the interviewees was that it is stored in Google’s or Adform’s data centers. Both Google and Adform are integrated advertising technology platforms which through the programmatic advertising is conducted, and marketers get to control marketing campaigns across all digital channels. When few largest corporations have the control over how the data is stored and processed it becomes problematic. Due to the silos between the groups of expertise and specialization, the employees are unable to speak the same language internally in the company, let alone with customers. Therefore, there has been more ignorance than communication on behalf of the companies.

Interviewee 3 mentioned that “*many clients have in store great amount of data, but only few knows where it is stored and in what format it is stored*”, which is why most of the time “*we as a marketing professionals need to ensure if the data is fully operational before we can utilize it*”. Interviewee 2 expressed that client’s data is not our business which is why I do not need to know where it is stored, “*the less I know the better*”. The interviewees were very aware of how to utilize the data, different possibilities that can be achieved through data and the great impact of data in marketing, but the complexity of data storing, and processing tend

to be a pain point for many. Without thorough understanding of the data at the operational level it makes difficult to respond to the increasing demand of customers in regard to transparent data collection activities.

#### 5.2.4 Lack of transparency

Since the data is a complex matter, companies encounter obstacles communicating it to a manner that is understandable to the public. The discernible threat of failing to act digitally responsible perceived by interviewees and can be visible in public eyes was data breaches and scandals when the private information can be leaked out and the data can be drifted to the wrong hands. Interviewee 4 argued that because the data processes are treated in ignorance of public, customers have little knowledge of what happen behind the screen. They mostly only hear about it in the breaking news when companies fail to secure the data, for example the case with Vastaamo when its patients' database got hacked. This all provokes reservations about data collection from the public eye perspective. Therefore, it has almost created this negative stigma that is strongly associated with data collection (interviewee 2).

This is perceived as a threat for the companies because the trust which is considered to be one of the key factors for sustainable success of a firm can start drastically reducing if companies do not fulfill the requirements of customers in the digital sphere. Interviewee 3 reinforced this finding by stating that *“when companies act openly, they can gradually start to gain more and more customers' trust which is a win-win situation because they are more willing to disclose their data for the company which in turn helps the company to deliver more personalized and relevant advertising for the customer”*.

Finding proper ways to disclose the data activities, when the customer data is used in the process, is perceived to be a significant barrier. According to the study results, interviewees understand the importance of companies to act transparently when it comes to digitalized services and solutions, but there is no adequate understanding of implementation. The interviewee 3 argued that during these the past few years more and more customers have become aware of data activities, which have helped positively to boost the demand for transparency forward and push companies to act on, but the issue is that there are way too many users that have no clue what they are signing up for when accepting cookies and terms on the website or when disclosing personal information while filling an electronic form. The

interviewee 3 resonated with that that *”we are not in the same position in terms of knowledge when engaging in the digital environments, more particularly, I know how to get rid of cookies to protect my privacy, but my 80-years-old grandmother does not have any clue”*. The complexity of the information available for customer regarding to the data collection can mislead customers without their consent. Therefore, the transparency is regarded to be a crucial factor that can advance the customers understanding why the data is being collected, what data is being collected and for what purpose.

### 5.3 Opportunities of data-driven marketing from the perspective of company

The opportunities of data-driven marketing from the perspective of company representatives they were more unknown among interviewees. Most of the responses described opportunities from the view of possible threats:

*“When companies act digitally responsible, they can avoid possible data breach scandals” (interviewee 6)*

*“Not getting into spotlight in front of public in regards of wrongdoing is a sign that the company has done the right thing” (interviewee 1)*

*“If things are handled well, it cannot be seen, but when a situation suddenly goes other way around then we will end up into deep waters” (interviewee 2)*

*“Following the regulations and doing the right thing so the company can avoid fines” (interviewee 4).*

*“Minimize the risk of getting victimized from data hacks” (interviewee 4)*

According to interviewees the digital responsibility was considered as self-evident factor. The better the company could avoid getting into a negative shadow by customers and public, the better they have been followed the regulations, and thereby, the more digitally responsible they act in the digital environment.

#### 5.3.1 Better insight through understanding of data and breaking the organizational silos

In order to reinforce the transparency and communicate openly with customers what is collected, where the data is collected and why is the data is being collected the this requires

that the organizations must break the silos not only between the departments, but also between the business partners. Among companies, involve employees who work in operational roles at an early stage to the discussions with the board of direction when it comes to implementation of new data practices. Because those employees work with clients on a daily basis, they have knowledge how the things are done in the operational level; and can thereby adopt new ideas into the practice more swiftly. With partners, companies should communicate about for instances the changes that occurs after third party cookies are gone; how to best adapt new retargeting practices in the organization, what it requires, what opportunities it brings for the organization and users, how to communicate the changes to the clients and customer and lastly how to train employees.

Along with the increased demand for privacy it pressures companies to gain a thorough understanding of the data activities. Gaining better understanding of data *“provides an opportunity for companies to assimilate how the data could be utilized and used for different stages on customer purchasing funnel”* (interviewee 1). The obstacle that was found was that the clients whose responsibility is to reserve the data *“has a great amount of data but couldn't clearly tell where the data is kept and what is the usable format of the data”* (Interviewee 3). Whereas company representatives working as marketing agents, whose main purpose is to utilize the information or data to make informed decisions that can provide new opportunities for growth and create value for clients' businesses, neither have no clue or urges to intervene in clients data activities.

Hereby, when there are only a few people in the organization who are responsible for data management, they make independent decisions over the diverse data, that will be transferred actionable insight and will be shared between different departments in the organization. However, the data management team might not have the required operational skills and experiences to decide what information among the data will be most relevant and what insight brings most value for each department. Due to this it is vital that the insight of the data is shared between the organization such as marketing team collaborate closely with the data management, so that the focus is on collecting relevant information that can be utilized to develop more engaging customer experiences and actionable and efficient decisions when planning and building marketing campaigns and projects for the clients.

### 5.3.2 Adaptation through regulations and laws

Another opportunity that firms could retrieve from the reinforced digital responsibility is through intensified regulations. As previously mentioned, by 2023 Google will no longer support third-party cookies. Those will be deprecated due to the intensified customer privacy demand, and this is going to force tech companies, brands, and agencies to be ready for a cookie-less future. The interview results regarding to this issue was twofold. Some interviewees consider this causing sense of strain because they are already noticing the negative impact of analytics when reporting the campaigns such as the amount of page visitors is gradually decreasing because more customers are not providing permission for cookies which makes it difficult to assess the marketing performance (Interviewee 1). Interviewee 3 mentioned that some companies are already making small changes to ease the cookie policy for the customers by providing them opportunity to reject all cookies which was not possibly before.

Other side of the interviewees instead perceive this being as a great opportunity: *“In this industry you are never done, there is always something new to learn about and there are many things that could be adapted and will be changed as we go further in time. Currently, people in the industry talk about new data strategies that may takes effect in the future, I believe this could be the opportunity to make the change”* (Interviewee, 6). A subject that has gained greater attention recently is fair data economy which is defined by Sitra (2022) *“a universe of initiatives, activities and projects whose business model is based on the exploration and exploitation of the structures of databases to identify opportunities for generating products and services”*. The fairness that is a key element when it comes to data economy because the purpose is to ensure that when utilizing the data and using it to build new innovations it serves best interest for all parties: individuals, businesses, and society. Interviewee 3 added on that data economy can be a significant initiative for shaping the future of digital environment in terms of regulation and defining the right behaviors in the digital world.

Furthermore, in the results, there was interrelation between death of cookies and data strategy. According to the interviewee 4 when the third-party cookies are gone, the understanding of data becomes a key. Currently, only the large companies have some type of data strategy in place, but when the dynamic change and the third-party cookies cannot

be used, it forces companies to build new data strategies to replace the old procedures, to find the target audience at the right time of their purchasing journey. Interviewee 3 argue that *“data strategy could enable companies to see the marketing strategy in a bigger picture making sure that there is a greater purpose of collecting data, not just for the sake of it”*.

Thereafter, when the third-party cookies phase off companies must rely on first-party data, they need to focus on understanding the quality of data: what data needs to be collected to achieve the desired objectives. Along with that, the data quantity may decrease, and it can intensify the data-driven activities by reducing the amount of collecting and processing unnecessary data. Furthermore, the quality of data over quantity could make the communication of transparency disclosure easier for the company since it wouldn't require a long list of explanation of what is being collected and for what purposes. Instead, replacing the complex information with simplified version that indicates the main data collection purposes customer friendly.

The adaptation can also lead to streamlined marketing analytics. According to the interviewee 5 *“when trying to replace one functionality for instance contextual targeting function when third-party cookies phase off, there will be 7 separate systems replacing it”*. However, the interviewee 3 added on to that as claimed by Google they are currently trying to find a solution to develop a new analytics software which is able to streamlines data procedures trough one system facilitating operations.

### 5.3.3 Brand accountability and sustainable growth of digitalization

One thing that repeated itself when interviewees were asked to define the possibilities of corporate digital responsibility was that it may have a positive impact on the brand image. According to the interviewees sustainability is a growing trend and highly valued by the customers. Also, there have been prior studies that have indicated that there are interrelations between companies that have been able to integrate sustainability as a part of their operation and increase their brand image. So, one of the motives for companies to take higher consideration on corporate digital responsibility was to seize brand growth opportunities that can help the company to increase the brand equity. Because when the company start to fulfill the need of online customers, give them power to take accountability of their own data, they start to place more trust on the company.

The interviewees acknowledged that there may be an existing opportunity to be an industry leader when putting into effect actions of corporate digital responsibility: *“since digital responsibility is already a major topic that is being discussed especially between EU countries due to the increased customers privacy concerns, it could provide a company a sustainable growth opportunity”* (interviewee 6). This would require implementation of new data strategies within the company to better understand what operations can be done to implement and foster data responsibility.

Associating digital responsibility to the brand image could for instance foster the brand reliability (interviewee 4). Secretary of State Business to Government ambassador, Stefan Lindström’s seminar opening speech introduced main consumer concerns in the near future and one of the significant was uncertainty, which is mainly caused by potential recession, war and fast-growing digitalization and many other things (Lindström, 2022). Lindström highlighted that as businesses and consumers have started to move more and more online the importance of investing resilient technologies has become a buzzword, as disruptive event such as cyber-attacks have become common during the fourth industrial revolution. So, clearly in the minds of this insecurity customers are demanding the feeling of trust and companies that take account on data responsibility, is willing to invest on softwares that helps to minimize the risks disruptions and training programs that contribute the process, and highly consider ways how to make the online environment safer for everyone.

#### 5.4 Customer Perspective

The reason why the corporate digital responsibility has gained special attention recently is the rising customer data privacy concerns. More businesses are turning into online businesses and online environment becomes more and more natural environment in our everyday basis. For example, office work meetings have gone online, online workouts have become popular and bank services has become online services. According to the interviewee 2 *“digitalization surrounds every one of us and I believe 95% of companies’ marketing is digital marketing because the digital transformation takes over the traditional channels”*.

The findings of the research aligned with the prior study by Lee et al. (2021) who found out that consumers are concerned how companies exploit their data because they are becoming



more aware of public cases when the personal data get misused. Despite of the concerns, consumers argue that they will continue to expand their online activity in the near future. The findings indicated that vast majority of consumers trust that their data is in the safe hands (Lee et al., 2021). Similarly, in this study interviewees described their privacy concerns through different data breaches and cyber-attacks cases that have been exposed to the public, but no matter what they sincerely trust on large enterprises' ability to keep the data safe. The study results exposed that preserving data is something that is taken for granted and the reason why it is because the customers believe that there must be laws and guidelines that companies must obey and if they will not, they are going to face severe consequences like fines and damaged reputation.

However, the findings of this research verified that despite of the customers privacy concerns most customers are willing to provide their personal data for the use of companies as a result to receive relevant online advertising: *"I feel that it's nice that I do not have to waste my time on searching products and good offers, but it's actually a company service for me"* (Interviewee 3). Furthermore, interviewee 5 argued that if you decided to go online and use online services then the privacy is automatically lost. Digital advertising is also perceived as a trade-off between the data and the service received, but most interviewees experience it as *"they have no choice other than provide information if they wish to continue to use online services"*.

## 5.5 Threats of data-driven marketing from the perspective of customer

### 5.5.1 Loss of privacy

With alignment of background studies one of the central threats of data-driven marketing is loss of privacy. If companies keep pursuing the current level of power over the customers data, the study indicates that this can cause polarization between the customers. One side will stand for their own privacy and starts to strictly restrict to reveal their personal information for the companies online. The other side who thinks that the data activities are beyond their control will instead continue engage online as before or will even increase the usage.

According to the results there are correlations between interviewees who are concerned about their privacy, they are also the ones who value digital marketing and preferably receive information about new discounts and offers that are relevant for them. This group of interviewees are at some level aware of companies' ability to sell and utilize personal data for the sake of the profits and they are acknowledged about the risk and threats involved. For instance, the interviewee 5 mentioned the recent example when Sony's PlayStation Network was hacked and over 77 million account holders became vulnerable because the hacker stole all of these users' personal information including emails, addresses, birthdays and credit numbers. *"This is something that we should all deem critically and be constantly aware of because we should all care about our personal autonomy"* (Interviewee 5). The opposite side of the interviewees, those who were not concerned about their privacy in regards with data collecting activities truly believed there is nothing to do about it because it's beyond our control (interviewee 4). The majority of the interviewees in this subsequent group also experienced advertising unnecessary because they believed that every purchase is driven by a certain need, so they do not need companies to generate the need.

The greatest threat that most interviewees faced while the digital transformation proceeds was the increasing misuse of data and the loss of control of the personal information. The more power the companies have over the data, the less control the customers have over their personal data (interviewee 2). Furthermore, the results indicated that the more prior knowledge the interviewees had on companies' data collection and data breach scandals the more concern they experienced towards their privacy: *"I am aware of scandals of companies that have illegally misuse the personal data and may sell it to the third-parties which may cause some negative consequences for myself, and therefore I would rather protect my data"* (Interviewee 3). However, as previously mentioned, if the consequence is personalized advertisements, then the customers do not see there to be a negative side they do not see that there is a negative side of the action of collecting the data (interviewee 3). Hereby, when the data is collected for the right purpose which in this case is relevant digital advertising then the data collecting action is not perceived as threatening, but when companies do it without a clear purpose, then it is considered as a threat.

### 5.5.2 Lack of transparency and simplification

Another threat that was the lack of transparency. This is evident when interviewees were asked the ways how companies could improve their digital responsibility, all the responses included “*increase in transparency*”. According to the results the threat was not merely the action of collection the data, but the uncertainty of what data is collected, for what purpose and how safely the data was stored. When entering a new website, it gives little or no power for consumers to choose the type of data that is being released for the use of company. Interviewee 6 illustrated this: “*it is wrong that companies collect a vast amount of data from the internet users without their consent, without explanation of what information is collected, without explanation of for what reason it is collected for and how the users can control that*”. Most websites provide only two alternatives for the cookies either to accept or delete them, so the balance of power to decide is uneven due to the lacking transparency.

Furthermore, interviewees were aware of the fact that since the GDPR came into effect, websites’ cookie policies include law sections which purpose is to define the reasoning for the data collection. But because of the complexity of information, such as how it is formed, majority of the interviewees said that they are not willing to read 50 pages of law text since they expect to get the information rapidly, with less effort. That is how companies have shaped the online behavior, 5G, is a good example. Simplification of the information and comprehensibility were seen as factors that most companies were lacking and why customers are feeling sense of disregarded.

Creating a clear understanding for both parties on the mutual contract they enter when user accepts the cookies is deemed fundamental. As claimed by interviewee 5, the companies have the control how the technology evolves and how consumers start to use new services and adapt their norms around those services, but it seems like they are ignoring the ethical side of the action. Accordingly, it seems like companies have been fully focused on getting the functionality of the digital services right, but the ethical implications are lacking such as values of security and openness.

From the consumer view, consumers have a bigger responsibility when signing the contract of giving companies the ability to use the data. This is because the cookies information in the most website is quite unclear, which is why many are forced to accept them without

understanding what purpose the data is used for if they need to get access to the information. Thereafter, they have to take a risk if the data ends up in the wrong hands. It is not only the data they are releasing, but it is more like an authority (interviewee 2). Moreover, for internet user it has long been a secret what happens on the other side of the screen regarding to data collection because of the lacking transparency. Accordingly, this has caused the situation where *“companies get what they want, and customer follows blindly”* (interviewee 6).

However, because the GDPR entered into force websites do have the information provided in the form of cookies, but most people do not know it because of the text format complexity. *“When it is in the form of law text few understand it and have time to read it”* clearly, the multiple pages long law text is missing simplification (Interviewee 3). By being transparent and clear about the data collection, it may facilitate the conversation between the company and consumer. Transparent conversation can also increase the mutual trust between the companies and consumers as well as promote the interest of both parties. *“For example, if FB collected data for the use of development of AI or for the development of artificial intelligence, that would be fine for me”* (Interviewee 6). Proceed the development together with customers, sharing their data collecting objectives transparently for the customers, so they can create collaboration to create shared values benefiting both parties. This finding aligns with one of the main research gaps stated in the research gap section which is to be able to understand the opportunities of shared values and transparency in the context of digital responsibility and how implementing the digital responsibility can gradually transform the data to become sustainable.

## 5.6 Opportunities of data-driven marketing from the perspective of customer

### 5.6.1 Transparency creates mutual trust and brand loyalty

According to the literature, consumers learn about a company through brand advertising and when consumers become aware of brand’s sustainability efforts, they are predisposed to build a positive brand perception and purchase intention (Reif, 2017). In alignment with the research results the opportunity of digital responsibility is considered by interviewees as a way for companies to build trust. The interviewee 1 stated that the opportunity when brands act responsibly in the digital environment is that customers start to build more trust on brands and thereby, they are more willing to release their data for the use of companies.

In conformity with majority of interviewees the sense of feeling that the data is processed responsibly, and the information is valued respectively is highly important for the customers. When it comes to personal data, companies should give adequate valuation for it instead of considering it as an intrinsic value. From a customer perspective it is also vital that companies are open and visible about their data collecting actions online. According to Baskentli et al (2019) & Crespo and Inacio (2019) when consumers consider organization's CSR communication to be affirming and enhancing their self-perception, they could create a positive consumer-brand identity. As there has been great number of studies about positive effectiveness of CSR for businesses and how it can have enhanced effect on company's brand image (Baskentli et al., 2019; Crespo and Inacio, 2019). Similarly, according to majority of interviewees incorporating digital responsibility companies could see it as an opportunity to reinforce their brand image.

#### 5.6.2 Contribute to the development of digital transformation

Some of the interviewees experienced the current cookie setting as a threshold when trying to actively browse information on the internet. As previously mentioned, when the cookies phase out this will no longer be a restraint. However, since these third parties are going to seemingly be replaced with first party cookies, which are client's own codes generated on their website to tract data from user interactions, companies must carefully consider how to take consideration consumers side when adapting to the new changes. Making the adaptations to support customers' current concerns and needs to enhance the customers digital experience could be seen as a potential opportunity for customers and also for companies to contemplate in the future. According to research results consumers are keen on the development of digital transformation and would be willing to be involved alongside of its development.

The concern that customers hold underneath is not about the data collection, but more to getting sidelined. The interviewee 6 addressed this idea by stating that "*data collection depends on the reason, for instance, if Facebook want to collect data for the use of development of Artificial Intelligence, that would be fine for me*". Accordingly, customers would like to be involved in the process of digital transformation such as share their data to support the technological development objectives of the company. So, the price of the

transparency can help businesses' development to proceed in the long term. The feeling of cohesion, the ability to collaborate with companies may be the driver for the customers and prerequisite to release the data. This finding aligns with one of the main research gaps stated in the research gap section which is to be able to understand the opportunities of shared values and transparency in the context of digital responsibility and how implementing the digital responsibility can gradually transform the data sustainable.

Conforming with interviewee 5 *“as digital transformation is speeding up its importance grows in parallel which is why it is crucial that customers are being clearly informed online for what purpose the personal data is being collected whether it is for creating new solutions and innovations or something else”*. To make sure customers' personal data is not exploited, but rather used as a way to robust the development of digitalization collectively with customers. The more customers feels like they are part of the journey, and their personal data is heard the more willing they are working together towards advanced digitalized experiences.

### 5.6.3 Customer demands leads to digital equality

Most customers are trying to find companies that aligns with their values. Today there are numerous brands to choose from and throughout the years expectations of the brands has increased because of the increased demand for transparency and authenticity. Customers demand for brands to be more open about their operations, interests, and beliefs and that those values are consistent with the messages they communicate to the public. Most importantly, it is vital that companies stay true to their actions. Accordingly, interviewee 5 argued that digital responsibility could be one of the main values valued by customers, so maybe in the near future consumers start to choose companies that emphasizes digital responsibility and are able to adapt their operations to meet the customers' demands regarding on data collection and privacy. The study results indicated that the ultimate goal for every interviewee is to have the power and control over their data such as what data is collected and for what purpose it is used for. Therefore, if that would be the case, the demand by customers could ultimately force companies to adapt digital responsibility into their operations and practices. Not only for the sake of responding to the customer requirements, but to be able to remain competitive in the market. This could gradually destabilize the uneven power balance between the companies and customers.

### 5.7 Society's perspective

The findings of the study indicates that due to the increased digitalization, the boundaries have started to fade and became blurry between the customers and society. This can be explained through the notion of digitalizing consumer society that has gained greater attention globally over the past decades. The study by Cochoy et al. (2020) examine how consumer society is highly saturated from digital devices and how consumption and consumer culture have intertwined due to the increased digital technology.

Because advertising and services have gone from offline to online, the possibility to consume products and services as well as engage with companies is unlimited. This is now the new normal, and it can be overwhelming for some people. Some interviewees consider that the digital environment invade individual's personal space. Space where they have to pay an indirect price in a form of data in order to spend time in digital world. All this require trade-off between the privacy and gained value. The digital platforms are no longer only the driving force of online consumption but, instead, it touches the entire society as much as consumers. The findings of this study from the society perspective were twofold. One side of the interviewees experienced digital transformation intimidating and the other side saw it in more positive terms, as a great opportunity. All things considered, the vast majority thought that the increasing amount of data provides more opportunities than threats for the society.

The majority of the interviewees agreed that due to the various data breaches and criminal activities that has become exposed in the public eye, have made society to realize that there is a lack of laws, policies and guidelines that guide this whole transformation. The findings overlap with the customers' perspective also in terms of how interviewees consider that companies hold the power regarding they have the lead on what direction the digital responsibility has shaped and will proceeds in the near future. Moreover, according to the interviewee 2: "legislation works quite slowly, therefore it has had hard time to keep up with the technology-driven companies and fast-moving digital transformation". Interviewee 3 add on that; therefore, companies have now greater responsibility than legislation because they define what happens here and now and not in 5 years from now. However, since the digital transformation is evolving currently at the same rate as the misuse of data incidents the

interviewees highlighted the importance of enhanced legislations that can protect the companies' actions from wrongdoing.

Furthermore, several interviewees noted that because the world is highly global today the information and data circulate across the world in nano second therefore, the international laws at EU level is not enough to successfully control everything (Interviewee 3,5,6). Consequently, to control the digital transformation on even a wider level the global laws were suggested to promote accountability.

## 5.8 Threats of data-driven marketing from the perspective of society

### 5.8.1 Loss of privacy

Similarly like in consumer side the significant threat of data-driven marketing from the perspective of digital responsibility was considered to be invasion of privacy. Having to give up on personal information to be able to do normal transaction such as handle bank affairs, run errands, get access on medical/ health records etc. was regarded to be not only a loss off authority, but also loss of power to control on their own information.

Furthermore, the loss of authority was connected with the technology inequality. The big differences in level of digital skills between different age groups in society was interlinked with the level of control over data. The less digital skills the person obtain the less he or she know how to protect oneself in the digital world. For instance, digital environment brings challenges for older people because they have less knowledge and experience on the internet, so they are unable to critically judge online environment and its activities (interviewee, 4). Elderly is more prone to click on the scam messages or open the links which can turn against them and put them in the vulnerable place without their consent (interviewee, 4). Interviewee 2 mentioned that this goes beyond impacting not only the ones who surf on the internet or engage in social media, but next generation. Interviewee 6 argues that parents create Instagram accounts for their children and upload pictures of their children on social media at their early age. This is commonly known as "sharenting". According to Meakin (2013) an average children obtain a digital footprint before they turn 1. Most parents do not understand the consequences of the action. As parents have right to freedom and privacy, so do the



future generations. The children are powerless to make conscious decisions which is why it is essential that parents offer protection and are aware of the potential risks.

#### 5.8.2 Criminality, data breaches and surveillance

There is a public dimension of every click on the web. All the information is behind credentials that contains personal information like addresses, phone numbers, emails, names, social security numbers or credit card information. Web provides conveniency and fast data transmissions for the internet users, but it also may incorporate downsides such as criminal actions, data breaches and surveillance.

Since everyone on the web have an access on data, there is a possibility that information can fall into to the hands of unauthorized person who can take advantage of it. This is when for instance cyber criminals may gain entrance to emails, financial information or bank accounts and can cause all types of frauds under web users' name. This can cause long-lasting issues for finances and reputation. According to the interviewee 1 the "greatest threat of societies where digitalization is present and digitalized trading is common is when credit card information falls into the wrong hands".

Digital surveillance occurs when variety of devices tracks your locations and conversations, follows the websites you enter and exit while surfing on net and detects your face expressions. Among the interviewees this was considered intimidating especially when the conversation bears classified information. However, most interviewees thought that there is nothing they can do about it.

Although, due to the power of social media, social media users have started to act behalf of their security. Yet, there has been a viral social media post that purpose was to promote awareness of digital security. The post went on Instagram and Twitter after some users recognized that the newest iOS update exposed to diminishing privacy due to the location setting that was set automatically on after installing the iOS update in the device. Consequently, the message that this viral post aimed to share was to encourage to everyone to go into the settings and turn it off to protect their personal privacy from anyone with malicious intent, like criminals and stalkers. Thus, the social media sharing about the digital

privacy indicates that people have started to understand the online threats and thereby, started to display greater interest to protect their privacy.

Similarly, interviewee 5 introduced this method how to get better understanding of companies' intentions, more particularly how to find out if the company who you have disclosed your personal information is going to sell your information to the third party. According to this method the interviewee's guidance was that *"when you create an account into a new website for example in Amazon, type the company's name after your name for instance, Alex Amazoncom, so if you ever receive an email from any other company saying, "Hi Alex Amazoncom "then you know that the company you have provided your data primarily, have sold your data to the third party"*.

### 5.8.3 Lack of legislation to guide the digital behavior

To alleviate the potential threats of data-driven marketing there is a demand for advanced legislations and laws to guide the digital transformation. According to the interviewee 4 *"because of the lack of interventions by legislative to guide the digital transformation companies have free rein to shape the future of digital behavior for the society"*. As consumer protection safeguards consumers against unfair practices in the marketplace similarly society members need protection in this complex data-driven society to be able to uphold their free will about their rights and personal data. In alignment with the preliminary literature the study results by Organization for Economic Co-operation and Development indicates that regulatory frameworks are needed to support the increasing pace of technological developments (interviewee 1, OECD, 2019).

Nonetheless, the study results disclosed that legislation works relatively slowly which is why it is important that companies anticipate what the future may hold and start to develop internal guidelines where digital responsibility is considered (interviewee 3). Majority of the interviewees' considered that companies have a greater role in terms of digital responsibility because due to the slow process of implementation of new laws. Being ahead of the forthcoming policies set by government a company can show their advanced interest of the digital responsibility by developing internal guidelines.

A reasonable example pointed out by interviewee 3, addressing the demand for advanced laws and policies to guide the digital actions from society is the results of Presidential elections in 2016. Elections that based on the misuse of data of millions of Facebook users. The misuse of data was a significant part of the scandal because a year before the elections, Trump's digital teams started to work with the company called Cambridge Analytica, the company who were able to obtain personal information from over 90 million Facebook users without their consent to use it for psychological voter profiling. Through which they could build a software program that were able to foresee the choices at the ballot box. The algorithms were trained to learn Facebook users' personality traits which could be then used to approach Facebook user with relevant messages based on their interests to appeal their emotions. The aftermath of this was that all the Facebook users received election messages based on the topic related to their personal interest. According to the interviewee 3 the impact of this scandal goes beyond, because it was also a threat to democratic system, the guarantee for basic political rights and civil liberties was at stake.

This leads to the conclusion by interviewee 5 stating that because we do not have mutual international or national precisely defined laws and policies, our actions online cannot be ethically justified, such as what is right to do and what is wrong. Therefore, it can be argued that the behavior within digital platforms is still in its infancy. Consequently, interviewees 3, 5 and 6 noted that because the data flows rapidly across the world, national level laws must align with laws that are to be complied on the global level. Yet, advanced legislation could strengthen the groundbreaking for common and even global rules of the digitalized world.

## 5.9 Opportunities of data-driven marketing from the perspective of society

### 5.9.1 Increase efficiency and foster wellbeing

There are many opportunities that increasing data brings for the society. Several interviewees noted that digital transformation entails more opportunities than threats. Increased efficiency was one of the significant opportunities experienced by interviewees. Searching information about the products or services can be conveniently tendered: *"today, you find information about various services in one place in the blink of an eye"* (Interviewee 1). Interviewee 3 noted that *"data-driven marketing increases efficiency: people no longer look for companies*

*that suit them, since due to the ability of data, companies can find the right customers for them”.*

Increased data usage enables the development of new technology which can be used to promote humans' wellbeing and health. The internet of Things (IoT) also known as network of connected devices brings intelligence to products and services which benefits many parties. For instance, as the car industry has developed it has brought safety to traffic and increasing availability of big data in healthcare industry has enabled to determinate more cost-effective ways to diagnose different diseases; development of new vaccines; speeding new treatments to market; analyze and tract disease outbreaks to enhance public health surveillance trough R&D etc. Furthermore, due to the increase of data new products and services have come into being and at the same time they have created new jobs and tax money for the society.

#### 5.9.2 Data economy

Data economy is one of the opportunities that contribute to a fair data economy where all parties' needs are taken into consideration. Sitra (2022) defines this as “part of the economy that focuses on creating services and data-based products ethically; Fairness means that the rights of individuals are protected, and the needs of all stakeholders are taken into account in the data economy”. Interviewee 5 argued that because of the increasing privacy concerns by users, the data economy has been established to support the users' rights in the economy. This resonates with Koskinen (2019) who consider person-centeredness as a base for fair data economy and describes data economy as an approach that places individuals or users at the center of data economy meaning that individual and communities are considered equally rather than perceiving individuals solely producers of the raw material of the data economy.

The findings of the study are also in line with previously mentioned Custers's & Bachlechners's (2017) framework showcased in figure 3 of “*four perspectives on data reuse*” since most of these topics were discussed by many interviewees. These include how companies should take into higher consideration data protection and privacy concerns, how they should prioritize moral perspective of digital transformation than solely focusing on technical implementation to support society acceptability, and lastly does releasing data exceed the gained benefit for users, and thereby cultivate economy viability.

### 5.9.3 Laws and legislations to govern digital transformation

Moreover, the results indicated that the power of law and legislation to govern everyone's action along digital transformation would help to stop the data breaches data leaks and wrongdoing in the digital environment, but the stages and decision making in legislative process is slow. As interviewee 3 argued that "*when it comes to digital transformation we are on the way to the right direction, but the issue is that all the regulations that guide the behavior in the digital sphere are lagging behind*". However, there is a demand for broad line of guiding the digital behavior and conduct the digitalized behavior into the direction that is beneficial not only for companies but also users. Companies can create their own regulation within their company to reinforce the data responsibility, but it this does not refers to those who are perceived the most threat who causes the harm trying to get hold on users or companies' confidential data. National laws instead could help to minimize the risk of action of wrongdoing. As the results of this study indicated that companies gave serious consideration on already implemented regulations GDPR, CCPA, customer hygiene and NDT to name a few. The interviewees repeated those terms throughout the interview, and it can be stated that the importance of the regulations was fully conceptualized and put in use which indicated the true power of legislation.

## **6. OVERLAPPING OPPORTUNITIES AND THREATS BY THREE STAKEHOLDER GROUPS**

All three stakeholder groups agreed that the distribution of powers between the companies and customers over the data is currently controlled by companies. The customers have no or little understanding of the data collecting, processing, and storing activities that occurs behind the screen. Almost everyone in the three interviewee groups argued that they are aware of 20 pages long law text that is placed on the cookie setting explaining the purpose behinds the cookies, but they think that the text is difficult to read and thereby misleading. It can be argued that the digital transformation has shaped the consumer digital behavior on what it is today as more advanced cellular networks is designed to speed up the content consumption, people are get used to gain rapidly information online and the online behavior is shaped accordingly.

The recent laws like most frequently mentioned GDPR is a good beginning for formation of laws that guides the digitalization. But in order to get the main message through such as what data is collected when users enter into the website and for what purpose, the simplicity and transparency is needed. One definition of digital responsibility by interviewee was to “disclose the information transparently on the company’s website, so it is understandable for the reader, nor misleading” (interviewee 4, group 2). Since transparency is a big part of the digital responsibility the legislative text should be aligned with all the parties whom it is directed in the format that is easily understandable. Because this issue touches upon customers’, societies and mainly everyone’s everyday life.

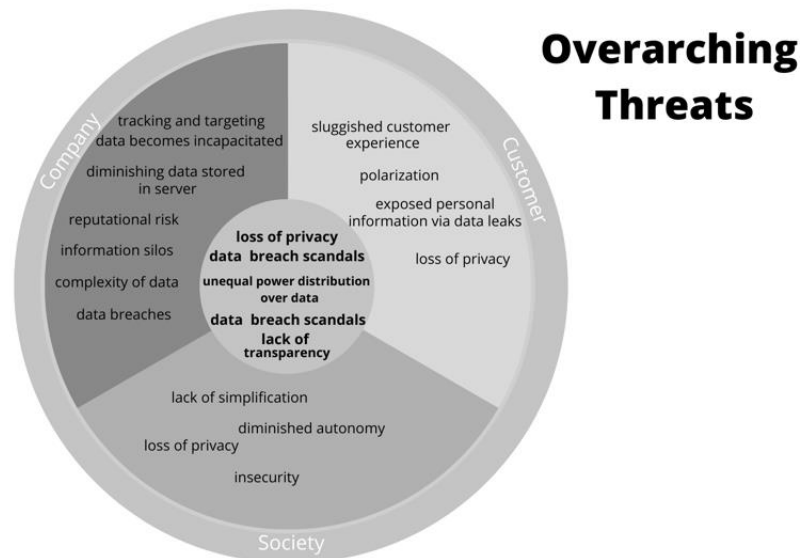
Due to the vast amount of data that flows nationally and globally there is a probability that the data may fall into the wrong hands. Not until the viral cases of data breaches have been disclosed to the public, the data activities behind the screen have become to public attention. More and more internet users are concern about their privacy and have become skeptical about companies’ data collection activities. The most danger that the consumers hold is how the data is stored since that is a great indication how likely the data might leak off to the wrong hand. Nevertheless, many users believes that there is not much they can do about it and therefore, they have no other choice than let companies to control the situation.

Since companies can only ensure that they are following the current laws and legislations, the wrongdoing may occur beyond their control. As the knowledge of understanding the dynamics of data increases simultaneously the criminal action escalates. Therefore, new laws and regulations is highly needed to control the wrongdoing that occurs also outside of the companies to make the digital environment secure for its users.

From the customer perspective it is not about the idea of collecting the data that bothers users but about doing it in the dark. The study results indicates that customers would be more willing to disclose their private information to be part of the process of product/service development or for the purpose of receiving more relevant advertisement if the users would be informed for what purpose the information is collected and what information is collected. The results indicated that customers expect personalized advertising, but they are not willing to disclose their personal data if the perceived value do not meet their expectations. Because of the various data scandal cases and ignorance there is this negative stigma that is associated with data collection activities, so users have become more concern about the information they release for the companies. Interviewee 3 stated that “knowing how ignorant I myself am about how much information is collected has impacted my social media consumption to the direction that I no longer want to use social media channels as much as before because even though it is free for me, I still pay for it through my releasing my personal data to Meta”. Therefore, there is this stigma associated with data collection that is mainly originated from the viral data breach cases and companies’ ignorance which have caused concerns and challenged users’ perceptions about digital sphere.

All things considered, interestingly although the three groups of interviewees scrutinize this phenomenon from different perspectives, they all thought when they were asked how much companies should have decision making power in terms of data collection, that the decision-making power should rest with the user and not only be controlled by a company. From the company perspective the interviewees agreed that even though data is one of the most valuable assets and significant competitive advantage they argued that still customers should have all rights to make their own decision. The case should not be that the users must accept cookies in order to get access to the information without knowing what they are really signed for. Moreover, both representatives understood that visiting company’s website it is not free because the company must maintain the platform and there are direct costs involved. Instead,

the cost when users surf on internet is indirect and invisible, in a format of data. But like in any other form of trading there is a mutual consent of the policies that both parties are conscious and committed to. Consequently, both interviewee groups: customers and company representatives argued that it cannot be a dictatorship on part of the online service providers, users should be able to have right to choose over their personal data.



*Figure 10. Overarching threats of data-driven marketing from the perspective of digital responsibility*

When it comes to opportunities both interviewee groups agreed that companies should act as an ethical vanguard for the customers and society in regard to digital responsibility. Especially technology giants who have the most power could act as global leaders in shaping the behavior of digital responsibility. They could educate and communicate users how to use digital services safely without having to feel unsecure about their privacy. For instance, informing in understandable language, the different purposes where the data is used for, whether it's for retargeting or developing better website experiences and informing customers about their rights as a user and how they can use digital services according to their own will.



As digital transformation develops in a fast pace and regulations are lagging behind this could be a real opportunity for companies to seize the opportunity and take the lead since there is an apparent need in the market. As argued by the majority of customer and society representatives, despite of the current laws directed to control the digitalization there is a need of advanced laws and regulations that set general guidelines not only in regional level, but also globally. Because the data flows rapidly across the borders the probability that the information gets in the wrong hand increases.

The result indicated that the lack of understanding the definition of corporate digital responsibility applies to all stakeholder group, it is solely understood through the concept of GDPR and data collection. This is visible from the lack of interviewees understanding of how the data is processed, what data is collected and where it is stored. Therefore, it is vital first that companies understanding of the corporate digital responsibility increases, so they could reinforce their data security processes internally within the organization and thereafter, step into user's shoes and reflect the information to the users. However, as mentioned previously in the literature, the potential hindrance could be that only after the company is able to gain throughout understand the opportunities and economic benefits of implementing corporate digital responsibility into their operation, they are willing to seize the opportunity.

A significant opportunity that arises from the results is that customers would be keen to part of developing the digital transformation, more specifically they are willing to disclose even more data if it is used for such purpose. This provides a great opportunity for companies to grasp on nameless, by being transparent about the purposes the data is collected, they might be able to receive more data from customers. However, this does not mean that companies should start to collect vast amount of data, instead focus on the quality, such as what data is needed to achieve the desired goal. Rather than collecting massive amount data, companies should reconsider what type of data is needed, in order to reach the end result. Accordingly, the opportunity for companies is to develop data strategies that could guide the data collection processes and which through they could gain in-depth understanding of what data is needed for the particular operations.

Developing a data strategy could boost organizations operations to be more cost-efficient and transparent. Cost-efficient because when collecting fewer amount of data, the cost of

processing and analyzing the data would significantly reduce. Increased understanding of the purpose of the data within company would instead strengthen the transparency. Because as the knowledge within the organization increases the easier it is to communicate the processes for the public and respond to the customer demands.

Everything being equal, when the power is given solely for the companies it can lead to the situation where the control of one party exceeds the other and the benefits from the action are unequal. This goes back to the notion of shared values which based on interpenetrating systems between business and society where both economic and societal value is created mutually (Porter's and Kramer, 2006). To conclude, customers are willing to disclose their personal data in the condition when the tradeoff brings additional value for them. The prerequisite is that the data is handled responsibly, the company is transparent for the purpose the data is used for and the reason why it is collected.

To break the negative stigma that data collection is associated with, companies could respond to the demand of customers by simplifying the information on the website about why the data is collected, for what purpose and by indicating how the privacy of the user will be highly considered. This way users would be more willing to collaborate with the companies and disclose the data. Companies must convince customers by indicating what is the additional value for user when providing their data for the use of the companies. This way, companies could get an opportunity to create additional touchpoints to the customer journey and create even more enjoyable customer experience which through the customers could notice the additional value as a result of disclosing the data. The figure 11 encapsulates the overarching opportunities of data driven marketing from the perspective of company, customers, and society.



*Figure 11. Overarching opportunities of data-driven marketing from the perspective of digital responsibility*

All things considered, looking at the table 12 below, the first main opportunity for the companies is to development of data-strategy which helps the company to gain better understanding of the data that is currently collected and reevaluate the purpose of the data collecting activities in regard to the objective. What data is needed to achieve the goal. This helps companies to figure out how to respond to the main demands of the consumers such as lack of privacy and transparency in terms of collection of data. This in turn, enables companies to increase transparency within their operation and communicate it openly because they understand the processes that is involved in the data processes. Thereafter, the results indicated when company conduct increased transparency customers are more willing to release data for the use of companies because they know the purpose where the data is used for. Companies can add more touchpoints to the consumer path which will create more value. Furthermore, the results show that increasing transparency about data practices has positive impact on brand reputation, more particularly brand accountability, because the customers are able to see the gained benefit from releasing personal data. All things considered, because of the share values, both parties are able to perceive the gained benefit of data collection and ultimately, in the long run it necessitates the sustainable growth of digitalization.

When it comes to the threats, the key threat regarded was increasing data breach scandals that might occur if company is not taking consideration digital responsibility. In turn, getting in the object of a scandal can led to reputational damage that can appear as a limited access

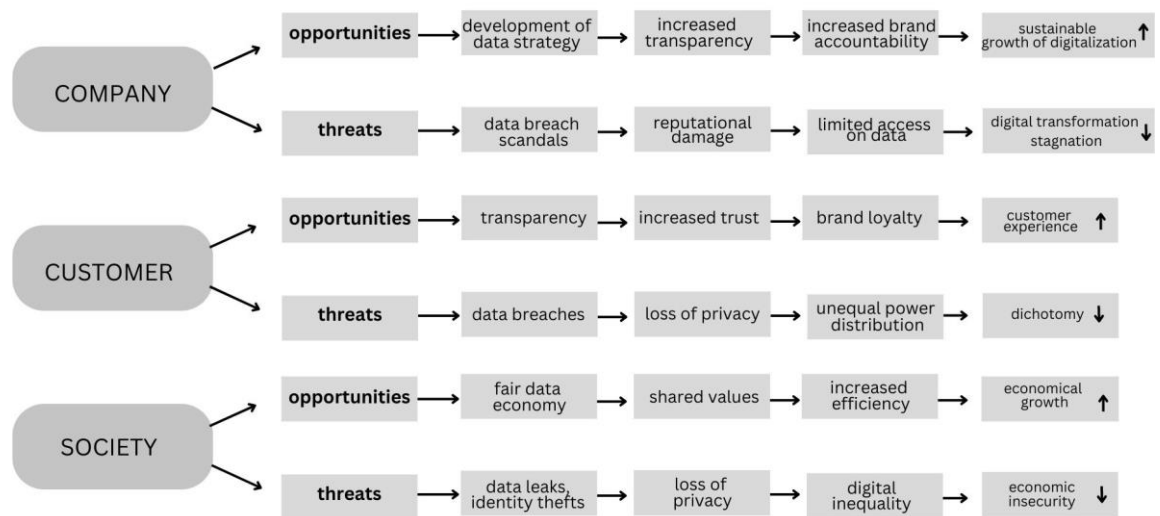
of data from consumers since they are concerned to release the data for the use of a company that has a past with misused data cases. Everything considered, since data is a vital asset that enables the emerge of new innovations the aftermath of this is digital transformation stagnation.

The opportunity of reinforced digital responsibility for customers would be increased transparency. As mentioned previously, the study indicates that greater transparency leads to increased trust between the customer and the company which instead can impact positively as a reinforced brand loyalty. Along with increased trust customers are inclined to release data that will help companies to enhance the customer experience in greater extend.

Data breaches will be significant threats also for the customers. According to the study the consequence of the threat is more severe for the customers because the issues are dealing with customers personal information. Because data breaches and data leaks are beyond customers control, they are constantly concerned about the possibility of wrongdoing. Consequently, many consumers are fearing of losing their privacy while surfing online which is considered currently a great threat among consumers. The hidden reason behind this is the unequal power distribution between companies and customers over the data utilization. As a result of this, in the long run it may lead to the customer dichotomy where one half continue using social media and online applications in the normal way and the other will drastically reduce the usage.

To highlight some of the key opportunities from the society point of view the main one was fair data economy, which requires great amount of transparency from the companies. Fair data economy involves ethical and moral aspects of digital environment. Particularly, this provides users an opportunity to exert an influence in the use of data and encourage greater transparency by companies in digital environment. Moreover, it promotes users understanding of how to surf online according to their own will without having to be vulnerable for companies' ignorance. The result of this is shared values, where the potentiality of the actions of data collection and data usage is maximized trough the creation of mutual value for all parties. In the long-term, this can lead to significant economic growth.

Like in other stakeholder groups, similarly among society the data breaches are regarded to be a significant threat. Adding on identity thefts “such as stolen financial or personal information” were considered to be a negative occurrence that is caused by neglecting digital responsibility. The reason for this was mainly due to the loss of privacy along the way. Since digital transformation and digitalization is increasing rapidly the technology is invading more and more people’s personal space and causing distress due to the constant surveillance. Moreover, the fact that the control is in the hands of companies who is lacking ability or do not deem it necessary to educate users how to behave in safety manner in digital environment to be more aware of the risks. Together with lack of legislations intervention to set advanced laws to control digitalization. This puts society members in the inequal situation where some people are more prone for the wrongdoing due to the lack of knowledge or accessibility on digital knowledge. In the long-term this is causing increasing number of economic insecurities in the society.



*Table 12. Threats and opportunities of data-driven marketing from the perspective of digital responsibility*

## **7.DISCUSSION AND CONCLUSION**

### **7.1 SUMMARY OF THE FINDINGS**

What may be seen as a hindrance for a company may be deemed a benefit for the society. Third-party cookies may feel like a challenge for companies that daily work with data, but it will bring ease and relief for customers and society. It is a constant juggle between technology, privacy, personalization, transparency, innovation, and regulations. But how to find equilibrium where the potential threats can be turned into opportunities of all? This paper aimed to provide advanced understanding of potential opportunities and threat of data-driven marketing today and examine the phenomena from each perspective of the three stakeholder groups while providing range of guidelines based on the research findings.

To conclude, table 10 summarizes the key findings of the empirical study covering the main research questions and sub questions. Overall, corporate digital responsibility was quite unknown concept for many, mostly understood through data collection and GDPR. However, the importance and the customers' demand for greater transparency and privacy were well conceptualized by all representatives. Findings showcase that companies are incapable to harness the potential of digital responsibility as a part of organizational operations. This was the result of low levels of companies' knowledge of corporate digital responsibility and the lacking skills in putting digital responsibility into action. The current understanding of how to be digitally responsible lies in the ability to be able to avoid being victimized by any data breach scandals. Additionally, the findings indicated that companies follow scrupulously current data related guidelines set by legislative, thereby in order to drive for a change, the demand must come from the legislation. Accordingly, there is certainly high demand for advanced laws and regulations that set mutual guidelines for the companies and at the same provides security for the customers and society. Moreover, in order to companies to create new courses of conduct in regard to CDR they must be aware of the potential economic gains and opportunities before taking further actions and being able to perceive it as a competitive advantage. Thereby the purpose of this study was to address possible opportunities and threats of taking into consideration digital responsibility in the data-driven marketing.

Furthermore, the findings indicated that there is a lack of understanding of the dynamics of data in the operational level in the company, and this is mainly due to the silos within the organization, and also between the marketing companies and IAP partners. Because the nature of organizational structure is based on consistent lines of responsibilities, there are only a few people in the organization that have in-depth understanding of the purpose for which the data is collected, used, and stored. Therefore, in order to harness corporate digital responsibility as a part of the organizational structure it requires companies to first gain throughout understanding of their current data activities such as what data is collected, why it is collected and for what purpose. Once the data specialist and the operational level has gained a deep understanding of the data process, companies are more capable to communicate transparently to customers.

Customers demand a higher level of privacy and simplification which can be attained through increased transparency including a clear communication what data is collected and for what purposes. The results indicated that the data-collection itself is not the issue, but the way how it is done in the dark raises concerns and insecurities among customers as increasing amount of data breaches have become into public attention. However, customers do expect relevant advertising from the companies, but only with their consent. Accordingly, as the transparency increases it gives rise to trust which in turn, encourage customers to release more data for the use of companies. This enables companies to create more touchpoints to the customer experience and in the long term it might establish increased brand loyalty among customers. Contrarily, if the CDR is not taking into consideration this could divide customers for and against data-driven marketing actions. The technology giant, Google has taken initiative by deciding to take an action for the increasing privacy demands of customers by phasing off the third-party cookies to make the online environment more safety for the users. Google is a great example of giving a lead by responding to the concerns of users and adapting their functionalities to secure more customers digital privacy. The action has also forced other operators in the industry who uses Google services to adapt accordingly.

Digital transformation and digitalization are increasing rapidly as the technology is invading more and more people's personal space and causing concerns. Companies have exclusive control over the users' data which entails great responsibilities. Together with the slow

decision making and lack of legislations intervention to set advanced laws to control the digitalization, it has led to the situation where companies and third-parties have prioritized economic opportunities and focused on the technical development while failing to take consideration the ethical side of digital expansion.

The results indicated that the technology companies play crucial role for shaping the future of digital environment. This is at the same time a great opportunity for companies to promote higher degree of transparency and educate the users how they can enjoy the benefit of the internet without having to give up on their privacy. Tackling these challenges by taking considerations ethical and moral aspects of data-driven marketing in a way that all the three-stakeholder group would be able to perceive the gained values equally could lead to the great opportunity of shared values.

## 7.2 Managerial implications

There are some practical implications that can be applied for businesses and for policymakers who aim to obtain CDR. First of all, to mitigate the uneven power distribution that prevails currently in the data environment, companies could realize the importance of empowering the customers by giving more power to them to choose over their data usage and collection. If customers would be given more power over their data, it could change the nature of web to be more safe. Furthermore, customers would be more willing to release the data for the use of companies due to the increased trust that is gained through transparency.

As the digital responsibility have received increasing amount of public attention in the past year, Google has seized the opportunity and decided to phase out the third-party cookies by end of 2023 to make the data-driven marketing and advertising platforms to address the privacy needs of the users. This is an indication for other businesses to realize the rising pain point that user are currently facing, and time for companies to scrutinize their current data activities, so they can start to prepare for themselves to reflect what they could do within the company to address digital responsibly. Before they end up into the situation where users stop releasing data and in the worst-case scenario the economic gains from the online marketing action are wasted or security incident occur within the organization due to the weak internal security control. To avoid the possible threats companies could turn this as an opportunity and find new ways to replace the third-party actions by establishing new data



strategies to gain better understanding of the various data collection and utilization activities to respond to raising demands of customers.

To lower the threshold for companies to implement CDR, companies need to generate an advanced understanding of the various opportunities that can be gained through implementing CDR into action. The results indicated that companies need a clear grasp on the economic opportunities that can be gained through adapting CDR into operation. Despite of the high demand by customers for the increased corporate digital responsibility, companies clearly are in the need of facts that can prove the competitive advantage and value proposition that can be gained through the action. However, the CDR literature is increasing, for instance there are organizations that aims to promote fair data usage like Sitra that has produced a fair data economy book that aims to guide companies' data activities to become increasingly responsible. Similarly, any company that competes in the digital service industry could seize the opportunity to act as a corporate digital responsibility vanguard to show other companies how to implement CDR and communicate it to customers. Especially large corporations who has more power could help to lower the threshold for other companies to follow.

For policymakers to promote reinforced CDR they could provide incentives for companies to obtain and implement CDR as a part of their operations. This could decrease the barriers for companies to pursue CDR. More severe penalties could be established for the companies who are failing to follow the current CDPR guidelines. Along with that, intensified governance over the data activities would be needed to control the data actions. For instance, within the organization the log management for data security could be highly considered to lower the possibilities for getting into victim of data breaches. Correspondingly, as in CSR the environmental, social and governance (ESG) reporting system is used to indicate the company's sustainable implications and impacts. Similarly, the emergence of key metrics could be established in corporate's digital responsibility reporting to attract investors which can have positive contributions for the company.

### 7.3 Limitation and recommendation for future research

There are various limitations in this research. First limitation is the nature of this research. The approach selected in this study was qualitative, so the number of interviews were

limited. Consequently, when it comes to qualitative approach it is challenging to generalize the results when comparing to the classical quantitative research (Koskinen et al., 2005, 265). Another limitation is the lack of relevant, concurrent secondary data sources of the chosen topic. Thus, this study emphasizes findings from primary data which is complemented with secondary data including relevant articles and journals. Moreover, the primary data is gathered from the individuals who operate and are experts in the digital marketing field under the same corporation which limits the scope of the findings, and therefore the study cannot be applied to other industries. Additionally, the theoretical section is studied from the point of view of marketing and data departments, leaving other departments and facets aside.

Another limitation is that the study will cover data-driven marketing on a general, macro level without taking into consideration any functions. The scope of the study touches upon Finnish market environment since the study is conducted among Finnish industry's marketing specialists and consumers which take into account Finnish market environment characteristics that cannot directly be applied to any other international business environments. Moreover, due to the regionalism, there are varying regulations that applies to data control and activities globally. For instance, in the US prevails free data collections and monetization at the consumers right and privacy. In turn, in China the data is owned by government, so it is a protected market because there are unlimited financial resources to compete globally, whereas in EU citizens and consumers rights are a priority at cost of competitiveness. Therefore, this limits the idea of establishment of global laws, but it would be interesting to get a glimpse of relative studies conducted in other countries where the regulations differ.

Moreover, corporations' responsibility extends into environmental and societal issues. Organizations are subjected to implement socially and environmentally responsible behavior. The study by Davies, Hernandez & Wyatt (2019) introduce a local-global-local also called glocal perspective which is to indicate how corporate actors can harm not only the environment, but also the economy reflecting how quality, justice and society's well-being are compromised. So, when it comes to environmental and societal responsibilities the effect of the global and national policymakers has contributed to the environmental and societal equality by executing sustainable development goals and national standards for the companies to tackle these issues. All things considered, although organizations have diverse

responsibilities, this study focus on solely digital responsibility, but the development of CSR policies can be reflected to emergence of corporate digital responsibility regulations.

The further research could be focusing on investigating the data interrelations between the different countries to better understand the different perspective of this phenomena when different regional regulations are considered. This could help to understand the main factors that could provide possibilities for creation of mutual guidelines to govern cross borders data activities in the future. This study didn't focus on providing particular guidelines for implementation of CDR, so further study could emphasize different approaches how to implement or adapt GDR into corporate's action. Furthermore, due to the nature of this study it had relatively small sample size to get throughout understanding of the opportunities and threats of data-driven marketing from the perspective of CDR greater and wider informant groups are needed for further study.

In the study, the customer group had two roles, they represented both customers and society, therefore further study would provide better understanding of the issue from the perspective of society if the informants would be selected among those who have political background to represent a real political economy perspective of the issue. Furthermore, further longitudinal studies are needed to understand the long-term opportunity form the economical perspective of implementing CDR into the operations.

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## Appendix

### Interview Questions

#### 1. Company

Name:

Position:

Employment history:

Education background:

Interests:

#### Tietopohjainen markkinointi

- Mikä on teidän lähestymistapanne datalähtöinen markkinointiin ja miten toteutate sitä tällä hetkellä?
- Millainen datastrategia teillä on käytössä?
- Miksi datan keruu on teille tärkeää?
- Millaista dataa keräätte?
- Miten säilytätte keräämäännne dataa?
- Miten uudet tietosuojasäädökset ovat vaikuttaneet teidän tekemiseenne?
- Millaisia toimenpiteitä teillä on tällä hetkellä vastuullisen datan käyttöön?
- Miten yritys voisi edistää datavastuullisuutta?

#### Yrityksen digitaalinen vastuu

- Mitä on digitaalinen vastuu?
- Miten digitaalinen vastuu on läsnä työssäsi?
- Miksi digitaalinen vastuu on tärkeää liiketoiminnassa?
- Mitä datahygienia merkitsee teille?
- Millaisia toimenpiteitä yritys voisi tehdä yrityksen digitaalisen vastuun parantamiseksi?
- Mitä hyötyjä digitaalisesta vastuusta on yritykselle? Ja mitä uhkia se voi luoda, jos sen sivuttaa kokonaan?
- Miten paljon yrityksillä kuuluisi olla päätäntävaltaa datan käytöstä?
- Miten data on osana teidän yritys vastuutanne?

### **Sidosryhmäteoria**

- Millainen sidosryhmästrategia yrityksellä on?
- Mitkä ovat sidosryhmästrategian pääpiirteet?
- Miten ulkoiset sidosryhmät ovat huomioitu teidän yritystoiminnassanne?
- Mitä vastuullisuusteemoja teidän sidosryhmästrategianne käsittelee?
- Miten oikeudelliset vastuut vaikuttavat toimintaanne?
- Miten kuvailisit yrityksenne eettisiä vastuuta, miten ne näkyvät toiminnassanne?
- Millaisia vaatimuksia ja odotuksia teidän sidosryhmillänne on teidän yrityksenne?
- Miten olette vastanneet näihin vaatimuksiin?
- Millaisia vaatimuksia sidosryhmät ovat osoittaneet digitaaliseen vastuuseen?
- Millaisia toimenpiteitä olette tehneet tämän edistämiseksi?

### **2. Customers**

**name:**

**education:**

**employment history:**

**residence:**

**age:**

### **Tietopohjainen markkinointi**

- Miten koet digitaalisen markkinoinnin?
- Millaisia tuntemuksia datan keruu sinussa herättää?
- Miten hyvin luotat yrityksen kykyyn säilyttää henkilökohtaista dataa?
- Miten koet uudelleenmarkkinoinnin? Miten tärkeänä pidät, että saat ajankohtaisia tarjouksia ja kohdennettua viestintää mobiililaitteeseesi?
- Suojeletko mieluummin yksityisyyttäsi kuin että vastaanotat viestintää yrityksiltä?

### **Digitaalinen vastuullisuus**

- Mitä on digitaalinen vastuullisuus?
- Miten itse koet digitaalisen vastuullisuuden tänäpäivänä?
- Miten tärkeänä pidät yrityksen digitaalista vastuullisuutta?
- Mitä hyötyä ja haittoja on digitaalisella vastuullisuudella?

- Miten yritykset voisivat parantaa digitaalista vastuullisuutta?
- Millaisia odotuksia sinulla on yrityksen digitaaliseen vastuullisuuteen?
- Miten priorisoi oman yksityisyyden vs. teknologian tuoman hyödyn?
- Miten paljon yrityksillä kuuluisi olla päätäntävaltaa datan käytöstä?

### **3.Society**

- Mitä uhkia näet, että lisääntyvä datan käyttö tuo yhteiskunnalle?
- Mitä hyötyjä näet lisääntyvän datan käytön tuovan yhteiskunnalle?
- Mikä vaikutus lainsäädännöllä on vastuullisen datan käyttöön?
- Miten lainsäädännöllä voitaisiin tehostaa tietosuojan ja tietoturvaan liittyvät haasteet?
- Mikä on lainsäädännön rooli teknologian ja tietopohjaisen markkinoinnin kasvaessa?
- Miten dataan suhtautuminen muuttuisi yhteiskunnassa, jos datan käyttö olisi jokaisen käyttäjän päätettävissä?