

Analyzing the Impact of Privacy Concerns on Consumer Behavior

Kristelle Ann P. Aragon, Michelle Ann Lois Cabudoc, Arianne B. Remolin, Zarah May D. Zamora

Bachelor of Science in Office Administration, Polytechnic University of the Philippines Paranaque City Campus

DOI: <https://dx.doi.org/10.47772/IJRISS.2024.8120077>

Received: 23 November 2024; Accepted: 02 December 2024; Published: 02 January 2025

ABSTRACT

The study explores the critical point of intersection between the consumer's issue with privacy and his or her buying behaviors online while keeping an extreme focus on the Philippines. Rather, it dwells heavily on aspects of transparency, accountability, and more robust data security measures as significant aspects for building consumers' trust in e-commerce. Findings show that the present consumers are highly sensitive to what is being collected and how their private information is being used in different business settings. Thus, good communication on practices relating to data management should be adopted in the course of ensuring that an environment of trust is created through ethical management of data with open practices from companies, which further increases loyalty among customers and results in more sustainable growth in the online marketplace.

Keywords: Privacy, Privacy Concern, Online Shopping, Data Privacy Act, Consumer Privacy, Consumer Behavior

INTRODUCTION

The Data Privacy Act of 2012 (National Privacy Commission, 2024) was signed into law to protect personal data in information and communication systems in the government and the private sector. The National Privacy Commission (NPC) shall enforce the provisions of the law. Its most important concept is that personal data processing requires the data subject's consent (the Data Protection Act abrogates data processing without the direct permission of the data subject). It mandates that all government and business entities create certain policies and procedures to prevent personal data they hold or process about people. The law also enumerates privacy rights for data subjects that include, amongst others, the right to know and be informed before the processing of the personal information, the right to access and correct/update their data, and the right to file complaints and receive compensation for any damages caused by inaccurate or unauthorized use of personal data. To respect these rights, and to ensure compliance with the legislation, the DPA was created to promote the elaboration of a privacy manual by every government agency.

The role of transparency cannot be underestimated in influencing consumer behavior Ikezuruora (2023). Transparency refers, more so in this digital time when online platforms have turned into the degree to which true, full information relating to company products and services, as well as practices, is available to consumers. This concept has proved to be an overwhelming factor in aspects relating to influencing consumer behavior on the Internet as a major source of information, besides purchasing decisions. Trust is key for any business that wants to earn the trust of its consumers, they must thus prioritize their data collection and utilization practices by promoting transparency.

Thus, customers need options regarding what happens with their personal information while businesses need to inform them how it is acquired, stored, and passed on. Additionally, companies should put up strong data protection procedures so as not to allow unauthorized access or breaches. Finally, promoting responsibility among all stakeholders including companies themselves will enhance customer trustworthiness since when companies take up responsibility through ensuring accountability then sustainability is created. Consequently, loyalty will result in long-term success. According to Morey et al., (2020) at the top of the priority list for businesses managing customer information should be data protection, accountability, and transparency to gain

customer trust and loyalty. Moreover, it is essential that transparently gives its customers control over their data by making it clear what information they collect from customers and why. This gives consumers access to clear consent forms and privacy policies which empowers them and shows that the business has ethical concerns about how it uses client data. One cannot also overlook the importance of accountability. If companies want to help safeguard against unauthorized access or misuse of consumer information, strong security measures must be embraced. Companies, through relevant data protection legislation, regular audits, and incident response plans, build trust with their consumers. By adhering to these principles, companies can build better rapport with their clients. Customers tend to share information when they are more confident with how well their data is handled and consequently develop loyalty towards brands in such circumstances. Ultimately, being transparent and secure champions more than just conforming to its strategic business advantage that powers expansion and customer stickiness in the internet era (Morey et al., 2020).

Through effective marketing, entrepreneurs play a great role in the creation of consumers' trust (Virues et al., 2019). The ability to offer value to customers over time and create conversations with them aids entrepreneurs in building good reputations that will in turn foster trust and thus loyalty among customers. The process of building trust with customers goes a long way in making entrepreneurial businesses very successful in the market. It also has another important role in helping entrepreneurship businesses build brand awareness and create a positive reputation for businesses. Effective entrepreneurship marketing helps entrepreneurs come up with a special brand identity that makes it stand out in the minds of their potential target audience, hence differentiating them from other competitors.

It points out that entrepreneurs identify and understand their target market through marketing research and analysis. Therefore, developing an understanding of the target market makes entrepreneurs better positioned to develop products, services, and marketing strategies that best meet the demands of target customers, thereby improving their competitive advantage. In doing so, with marketing as an intrinsic part of the strategy of entrepreneurship, the entrepreneur is better placed to build trust, differentiate his business, and leverage these valuable market insights toward growth and success. Entrepreneurs in the Philippines face a highly competitive and dynamic market landscape, where building consumer trust and differentiating their businesses are crucial for long-term success. Based on the Philippine Institute for Development Studies, effective marketing strategies are essential for entrepreneurs to build brand awareness, identify target markets, and develop communication strategies that foster customer engagement and loyalty.

Addressing the increasing preference among Filipino shoppers to buy locally these days Etaily (2021). The Post aims to talk about the emerging trend of us Filipinos to purchase our local products and patronize local stores. A Euromonitor report, however, has determined that 39% of Filipino consumers opt for local products and 40% are more inclined to shop in local stores. People stayed originally because of the pandemic and the fact that they found many local businesses thanks to COVID-19 brought back the trend of local business. Meanwhile, the majority of small businesses have trouble navigating the demands of e-commerce - which include inventory management, fulfillment, and listing on multiple marketplaces. This article also demonstrates the significance of e-commerce enablers to foster the e-commerce industry for local businesses in a competitive e-commerce landscape. This entire article highlights the importance of backing the Philippine local retailers with e-commerce enablers, to enable them to keep abreast of the changing e-commerce environment and the opportunity to have their kind of businesses throughout the e-commerce landscape - even more.

LITERATURE REVIEW

Legal and Regulatory Issuances

The National Privacy Commission of the Philippines oversees Republic Act No. 10173, commonly referred to as the "Data Privacy Act of 2012." National Privacy Commission, (2024) explains how people's data can be protected. The law requires data transparency, using only the necessary amount of data when providing or processing personal information, and that has a clear purpose. All organizations must have rules and actions to secure and keep personal data safe. And it says here how to share the data and why proper agreements are needed. All people have the right to know or see the data that is collected from them, and every person has the

right to access it and see if their information is correct. This law says how important it is that we secure and protect the personal data we provide. And government and private organizations must have policies and actions to keep the personal data they collect from people safe. In eCommerce (2022), stated that it has been aggressively promoting e-commerce as a means of enhancing the IT-business sector, and the businesses of the country and to have a strong information and communications technology, or ICT, industry. Except for the Privacy Act of the Philippines, there had not existed any Philippine ordinance about personal data privacy. While the Constitution and jurisprudence have recognized the right to privacy exists, privacy provisions had all been general and were scattered in different statutes.

The laws governing data privacy were enacted to bring the country's personal information protection policies and measures in line with international standards, with the end view of keeping the nation's competitive power and attracting investments in the IT-BPO sector. The act establishes the National Privacy Commission as the governmental agency in charge of ensuring compliance, receiving complaints, issuing orders, and generally overseeing the implementation of the law. It imposes the principles of legitimate purpose, transparency, and proportionality for gathering, using, processing, and storing personal information immediately, postulated in Department of Trade and Industry guidelines.

It has additional features on provisions for the rights of individuals who provide data and the obligations to notify of data breach notification requirements also its corresponding penalties in cases of non-compliance. These challenges span from the widest coverage of the application of the law that may extend to all types of information relating to a private or public individual to the need to secure the specific permission of the data subject before the collecting of any information. Notwithstanding these challenges, the privacy act was a milestone in this country's effort to put in place a law that will protect personal data and encourage development in the country's e-commerce and ICT sectors. Data Privacy at the Department of Industry and Trade (DTI), Philippines (2023) recognizes the asset-type nature of data privacy in a world where such a right has to be exercised against different entities to guarantee a basic human right to privacy. For this reason, DTI accepts that the Data Privacy Act of 2012 will serve as the foundation for its approach to data privacy, essentially safeguarding people while encouraging development and innovation.

They are, namely, regulating the gathering, analyzing, and managing personal information; making the Philippines compliant with international data protection standards through the NPC; and protecting people's privacy while allowing information to flow freely. The DPA for its part, is fully supported by the DTI and strives to comply with all NPC issuances. The principles of conscientious use and proactive protection of personal data shall be the guidelines. Data and information are seen to be vital ingredients in the achievement of its goals and shall balance their use in maintaining a stable business climate, protecting consumer rights, and fostering the people's growth and development. As an immediate measure, the DTI has already appointed its Director of Knowledge Management and Information Service to act as the department's Data Protection Officer. Such a move clearly indicates that, indeed, the DTI is committed to ensuring effective integration of the provisions of the DPA in protecting the personal information of its stakeholders. Below, the DTI suggests where complaints on data privacy violations should be filed, as well as the appointed Data Protection Officer so that stakeholders may easily reach them for questions.

As reported in the study of Joint Administrative Order No. 22-01 (e-Commerce, 2022). The DTI released Joint Administrative Order JAO No. 22-01 on March 24, 2022, to build consumer confidence in B2C and B2B e-commerce transactions. It reiterated the existing laws and regulations that online businesses (e-Commerce, 2022), engaged in commerce, must follow. In this manner, the e-commerce platforms, electronic retailers, and online merchants will be properly guided about the rules, regulations, and responsibilities involved in the conduct of their online business (e-Commerce, 2022; Huld, 2024). The JAO aims to protect the consumer against deceptive, unfair, and unconscionable sales acts and prices. It means ensuring that online consumers are better informed of their rights and the mechanisms for redress (Cahiles-Magkilat, 2021). The objective is also to ensure transparency and accountability in e-commerce transactions. This is very important in terms of building trust between online businesses and consumers. The order is a collaborative effort of the DTI, along with the Department of Agriculture, Department of Environment and Natural Resources, Intellectual Property of the Philippines, and National Privacy Commission (e-Commerce, 2022). The new development is being rated as a milestone in the nation's race against time toward building a robust e-commerce sector that duly

benefits businesses and consumers alike.

Consumer behavior: Protecting transparency, accountability, and data security

As indicated by the data from the study by Robinson (2020), customer transparency helps companies maintain loyalty. Transparency to customers will gain their loyalty and trust. This is all about being frank and upfront with correspondences that concern a customer; giving them the good and bad news, asking for their suggestions, and updating them on the improvements of a product or service. Transparency will build much of the trust that will result in customer satisfaction and loyalty. It also brings the company together by forcing honesty at all levels, boosts performance because people are proud of what they do, and enhances the brand through a genuine reputation for honesty. Yet, to get to transparency, companies must inherently build trust in-house, be transparent about pricing and collecting data, be clear and transparent in publishing company values, and continually communicate with customers on a regular basis. The outcome is better retention and sales.

According to Toral (2024), the article narrates the current state of Filipino consumer behavior in a slow-growth global economy, consumer behavior that says 37% of Filipinos are unable to keep up with their financial needs, and a big bulk remain trapped in the daily grind to make ends meet. This fastens tremendously on psychological faculties, as reported in the same article, with a high amplification, as 76% of Filipinos manifest some level of psychological disturbances, of which cases include females and members of Gen Z. Along the same lines, this implies that businesses and policymakers have reciprocal responsibilities in selling products and delivering services that will add value to well-being and consciously promoting well-being through an understanding of mental health. Going forward, tightening the household purse strings will be adopted by some 80% of Filipinos, and mostly on non-essential items like dining out and entertainment.

While economic pressure brings about price sensitivity, it also impacts purchases where people spend and on which brands. Inflation becomes the most worrying concern for 49% of the respondents. The above article admonishes affordability and reliability in any offer made in business, besides doable steps to reduce financial burden and promote mental health. Further, the article calls for the increasing strength of sustainability in purchase decisions 7 out of 10 Filipino consumers stated that they would be willing to pay a higher price for sustainable goods. This, of course, only goes on to show that companies must adopt sustainable practices if they intend to solve the problems that grow concerning the increasing expectations of a realized and environmentally conscious customer base. However, digital influencers can become important advocates for environmental responsibility if only their sustainable lifestyles are demonstrated in campaigns that educate their audience about environmental issues.

According to Anant et al., (2020), buyers have been reported to become choosier about the kind of information they reveal and who to share it with, with a significant portion of respondents expressing distrust towards companies handling their data. To build trust, companies must communicate transparently about data collection and use, providing clear explanations of data handling procedures and using simple language in privacy policies and cookie notices. Additionally, organizations must adopt an accountability culture that respects human liberty and prioritizes protecting consumer privacy, including obtaining informed consent, using opt-in strategies, and giving people control over their data. Furthermore, companies must implement robust security measures, such as automatic timed logouts and strong password requirements, to protect consumer data, and ensure that customers know when and why their data are being collected.

The present time is one of efficiency and convenience in business that is a direct result of e-commerce which has simplified the way we make purchases as well as given customers access to an array of goods and services within their homes. Although this has transformed consumer behavior, privacy issues have been brought up, as found in the article conducted by the Philippines - Data Protection Overview (2023). E-commerce influences consumer behavior and business operations thus highlighting the importance of data security. Khan (2019) Once e-crime concerns materialize, they possess the potential to compromise services, inflict damage to business reputations, and impose significant financial and operational difficulties on both companies and consumers. These concerns represent a multifaceted and pervasive threat, impacting essential services, corporate standing, financial stability, and operational efficiency in the digital landscape.

According to Lambert (2024), emerging technologies in data protection in today's cyber threat environment, where threats evolve over time, the significance of data protection is increasingly high. The ever-increasing volumes of data organizations produce and share with others put them at risk of integrity breaches, even while fulfilling privacy-related legal requirements. Data protection, then, pertains to implementing controls to limit access to unauthorized individuals. The CIA triad forms a foundation for analyzing the security of information, that is, confidentiality, integrity, and availability. Compliance with laws such as GDPR is essential, as violations lead to huge fines and reputational damage. Some of the significant technologies that enhance data protection include encryption, which converts data into a format that unauthorized users cannot access; firewalls that filter network traffic to prevent unauthorized access; multi-factor authentication (MFA), which enhances user verification processes; and data loss prevention (DLP) strategies, which help prevent data breaches.

The article mentions several emerging technologies: AI and Machine Learning can enhance the processing of data while remaining private, such as through federated learning, but have risks in the misuse of malicious actors. Blockchain is a decentralized method to secure data, as it cannot be tampered with, while ZTA requires users and devices to be continuously verified within a network. It is also safer than traditional passwords and has some risks in case biometric data is used. To manage threats, organizations need to invest in these emerging technologies and promote a culture of continuous improvement in data security practices. Organizations, therefore, need to stay informed about changes in rules and regulations and the emergence of new threats so that the organizations can remain compliant, and their sensitive information can be kept safe. At large, new technologies that help organizations better protect data also bring new challenges through which organizations must remain vigilant and adapt continually.

Entrepreneurial opportunity and building consumer trust in online businesses

According to Thompson, A. (2022), the researcher implemented a study regarding the majority of e-commerce business models that focus or are centered on trust between customers and actual business. The article highlights how transparency helps companies or businesses and how it can build trust and maintain customer loyalty. By being clear about pricing, how they handle customer data, and product availability, companies or businesses can create an honest relationship with customers. Keeping customers informed in the purchasing process can improve customer satisfaction, and through this, there is a higher chance that the customer will return and return to the company. So, transparency also boosts the company's reputation, showing that they value the integrity of customers. In summary, having honest communication helps businesses keep loyal customers and build long-term success. Thompson, J. (2023), investigates a study that the key to e-commerce success is confidence with customers. Online customers are always cautious about buying things and can be made to feel safe by protecting the customer's data, enhancing user experience, improving online reputation, updating website design, and focusing on marketing.

An e-commerce site should be able to clearly outline the products, their details and descriptions, the time it will take for delivery of the goods, and a secure check-out process quality products and services, customer involvement, and effective customer care will all foster positive reviews, bringing trust. Easy navigation of the website, correct information, and the checkout process of the webpage also help gain trust among customers. Content that is relevant and valuable increases brand awareness, builds credibility and instills trust among customers. Finally, it could increase trust through site offerings such as an "About Us" feature page, use of a reputable e-commerce platform, shipping, return, refund, privacy, and security policies that are clear and transparent. Content development, the issuance of guarantees, and the application of social proof demonstrate their competence and control. Altogether, this would ensure that e-commerce businesses can establish the groundwork on which customers begin to trust and believe them about something.

Woods (2024) emphasizes that building customer trust is a very vital aspect of conducting e-commerce. There are various ways of achieving this. First, clarity of information must be provided. That is, clear information on specific products and their descriptions as well as specifications, the amount and mode of payment, and how long before the goods will be delivered and in what condition. Return policies, in case there is a change of mind by the buyer under specific terms and conditions, should be explained. Social proof must thus be demonstrated. That can be done through showing customer reviews and ratings on product pages, customer

testimonials, and influencer collaborations. These elements create a social proof of the quality and gratification associated with a brand; upon which basis the prospective customer would be able to establish trust. Thirdly, ensure secure payment methods.

This includes offering a range of reliable third-party payment providers, prominence of trust seals and SSL certs, and using fraud detection tools and prevention. This makes the customer feel secure in the transaction and the risk of fraud is reduced. Priority must be given to customer support. This includes providing multiple for customer support, and response time, and ensuring that the support agents are equipped and have the necessary knowledge to deal with customer issues to their satisfaction. They will therefore feel valued and supported, hence enhancing trust and loyalty. Finally, to gain customer trust, a good brand image should also be built, and data should be secured. It does that by ensuring consistent branding at every touch point. These points include active customer interaction in social media, and working with reliable industry partners or influencers. It should also employ strong measures of data security and make the collection and usage transparent to the customers so that they are sure and feel secure about the company. All these will help an online store build a firm foundation of trust in its audience, reinforce the brand as very different and unique from others, and establish a committed customer base that keeps repeatedly patronizing the store.

According to Joshi and Sharma (2019), kindness refers to ties of constant relationship between the seller and buyers whereas trust based on credibility has to do with reputation and refers to the belief that someone finds the other party in a particular transaction to be trustworthy. This investigates the perception of trust in online communities concerning online transactions. One of the most important modules of technology is the Internet. The World Wide Web is responsible for providing a platform where individuals, organizations, and other people can communicate and for enabling different businesses to advertise their products or services in an attempt to achieve a bigger share of the market Chaffey and Chadwick (2019). Several tools on the internet are at one's disposal to help in collecting numerous loyal and potential customers. It is used by customers to collect various data on online acquisition. Online shopping is assumed to be speedy and secure. People spend a small amount of time making purchases online.

Increasing consumer confidence in business-to-consumer (B2C) and business-to-business (B2B) e-commerce transactions.

As stated by BigCommerce (2024), the article helps in distinguishing clearly the important differences and similarities between B2B and B2C e-commerce models. In contrast, B2B e-commerce has complex transactions with large order values, multiple stakeholders, and a long decision-making process, whereas B2C e-commerce is focused on direct sales to end-users, with much smaller transactions that are frequent. This paper highlights the different target audiences and complexities of the product, besides the sales cycles for both models. While B2B e-commerce focuses on targeting professionals and decision-makers, B2C e-commerce focuses on targeting the lowest possible denominator of consumers at all levels as individual customers. It is much more probable that, unlike B2C, which is simple and has the products marketed in line with consumer preferences, B2B products can be customized and require technical knowledge, and support. It further focuses on the digital platform, data security, and customer experience in both models of e-commerce.

According to Connie and Lawrence Dacuycuy (2022), the study examines the participation and income outcomes of online sellers in the Philippines. It found that men are more successful than women in selling things online, which is similar to what happens in traditional markets. They study the value of computer technologies, expertise, online awareness, behaviors, and selling platforms, in determining participation and income outcomes. It emphasizes having the right skills, knowing how to use technology, and being familiar with online platforms to increase participation and income outcomes. The study proposes several initiatives to enhance Internet sales potential and lessen the reported gender gap, including enhancing digital literacy and skills training, improving ICT infrastructures, and providing accessible selling platforms. Overall, the article emphasizes the importance of understanding online business and non-business relationships, emphasizing the need for trust-building measures to increase consumer confidence in e-commerce transactions. Chen (2024) concludes that business-to-business denotes transactions held between businesses and themselves, as opposed to transactions between a North Pole business and the ultimate consumers, otherwise known as B2C.

Supply chain transactions where one business sells raw materials or half-finished products to a succeeding business that continues processing into finished goods sold to consumers via B2C transactions are replete with examples of such transactions. Planning and business-client relationship building can lead to successful B2B transactions, which occur through professional interaction before sales in most cases. Those are a few examples of some very traditional marketing practices, along with trade publications and industry events, which assist businesses in finding potential clients.

One of the main considerations for consumers when making purchases is price. Before making a purchase, consumers usually evaluate pricing to get the greatest deal. According to the article of Hernandez (2023), Philippine e-commerce trends and projections are 81% in 2020 and 74% the year before, 87% of B2B buyers will pay more for a supplier with a better e-commerce platform and experience, and 88% of all B2B purchasing decisions are influenced by a buyer's indirect or direct experience with the company. Moving into 2022, if eCommerce trends in the Philippines are anything to go by, consumers have become used to the convenience of buying online, and the gains that eCommerce players reap have long-term potential.

Businesses that are better able to stay at the forefront of evolving developments in the eCommerce marketplace will be better positioned to succeed in the years to come. This could just turn out to be the area wherein companies strengthen bonds with customers and increase profit if artificial intelligence, social channels, fast delivery, subscription to services, customized service, sustainability, and online marketplaces are the focal points. In general, the Philippines will continue to see growth in the e-commerce industry, since consumer preferences are changing, technology is becoming more innovative, and there is an increased digital adoption by both business-to-consumer and business-to-business enterprises.

Palmer (2024) discusses the intersection of artificial intelligence, machine learning, and privacy. Artificial intelligence (AI) refers to systems that operate human functions like learning and decision-making but lack independent consciousness. Machine learning is a subset of artificial intelligence in which data is used to allow machines to identify patterns and improve over time. However, the reliance on extensive data for AI systems raises significant privacy challenges. These are some concerns in regard to data minimization, as unconsented accumulation of a large amount can lead to privacy risks; transparency and explainability, as the source of origin and functioning of AI systems are often not clearly known; and security of data, as larger datasets become vulnerable to breaches. In addition, AI can perpetuate biases present in training data, which can result in an unfair outcome in automated decision-making processes.

In this regard, organizations have to be informed about how their AI works and operates and what it means about personal data while keeping abreast of changing privacy rules. High-risk processing requires data protection impact assessments. Revisiting privacy management with AI technologies is also important. Transparency in AI operations is also important to build trust with users and stakeholders. Human oversight in AI decision-making and strengthening data governance to enhance ethical considerations and accountability in AI development are also essential. Practicing privacy by design also represents an important strategy for incorporating privacy protections into the design phase of AI systems.

SYNTHESIS OF LITERATURE REVIEW

The study shows a gap in research about the connection of data privacy with emerging technologies artificial intelligence and machine learning, particularly in the Philippines. There are relatively fewer studies pursued to date in-depth for measuring the impact on data privacy frameworks through these technologies, especially in comparison to more traditional measures of data privacy. Local studies show that the evolving cyber threat landscape is challenging organizations to establish robust data protection measures as compliance with regulations like GDPR can improve customer trust and prevent cyberattacks (Lambert, 2024). International literature points to other critical privacy challenges AI raises, such as data minimization, transparency, and bias, which make it complex to integrate these technologies into current data privacy frameworks (Palmer, 2024).

The potential of AI systems is huge in improving data protection through federated learning and other techniques, yet it remains critical to develop overarching approaches that take into account ethical concerns

and consumer education on rights around data privacy. An accepted framework for measuring the impact of AI and ML on data protection thus forms the basis of healthy strategic decisions in an increasingly digital environment (Lambert, 2024).

Aim of the Study

This study aims to provide a comprehensive answer to the key challenges and benefits of using AI Deployments with a focus on using transparent data security for online e-commerce platforms. This would further assist the cause of building consumer trust through the use of digital channels. It connects environmental policy with workforce readiness for artificial intelligence in local businesses in a clear, sustainable, and responsible manner. This is aimed at dealing with a problem wherein consumers become skeptical of online platforms due to ignorance and inability to comply with choices. Certain concepts for effective handling of complaints, along with providing consumers with a platform to address issues, will be provided. The proposed preventive approach is designed to handle all of the challenges that arise from attaining the reliability of AI and digital technologies in the business sector.

Problem Statement

This study aims to investigate the relationship between consumers' privacy concerns and their behavior in e-commerce. The investigation will be guided by the following research questions.

1. What are the primary environmental concerns and risks that businesses need to mitigate when implementing AI?
2. How can online businesses effectively communicate their data practices to customers in a clear and meaningful way?
3. How would businesses be able to make use of transparency, communication, and consumer-oriented policies as one of the means to try to prove their commitment to ethics-based and reliable practices?
4. What are some of the best practices to be maintained by businesses in addressing customer complaints on time, in a transparent fashion, and with effectiveness?

METHODS

This study examines the statement of the problem and gives concise solutions. In gathering data, the researcher utilized thematic analysis, focusing on understanding the core concepts from a variety of published sources, including scholarly articles and official government websites. Thematic analysis is a method of systematically finding, coding, and interpreting meaningful patterns in qualitative data. This method places less attention on individual or unique interpretations and more on finding common meanings and experiences within a dataset. In order to get an insight into collective experiences, the researcher tries to understand how a particular topic is discussed or represented by analyzing common motifs (Braun et al., 2012). In order to identify overt selections that can inform concepts and strategies toward meeting the research goals, the researcher applied comparative analysis in combination with thematic analysis.

Comparative analysis refers to a side-by-side comparison that indicates similarities and dissimilarities between the things that are being examined. This is applicable in the case of data sets, goods, procedures, and strategies (Dovetail Editorial Team, 2023). The key terms used in this research include privacy concern, internet shopping, consumer privacy, the Data Privacy Act, and consumer behavior. The main objective is to identify the impact of privacy concerns on the trust and behavior of customers, especially in regard to the Data Privacy Act of 2012. In addition, the paper examines how firms react to such concerns. The researchers will gain insight into how privacy concerns affect the consumer's behavior using these approaches. Findings will be of great importance in helping to understand customer trust and privacy concerns interactions in online buying scenarios. Ultimately, the goal of this paper is to offer useful data that can guide policy suggestions designed to enhance customer experiences in an e-commerce environment.

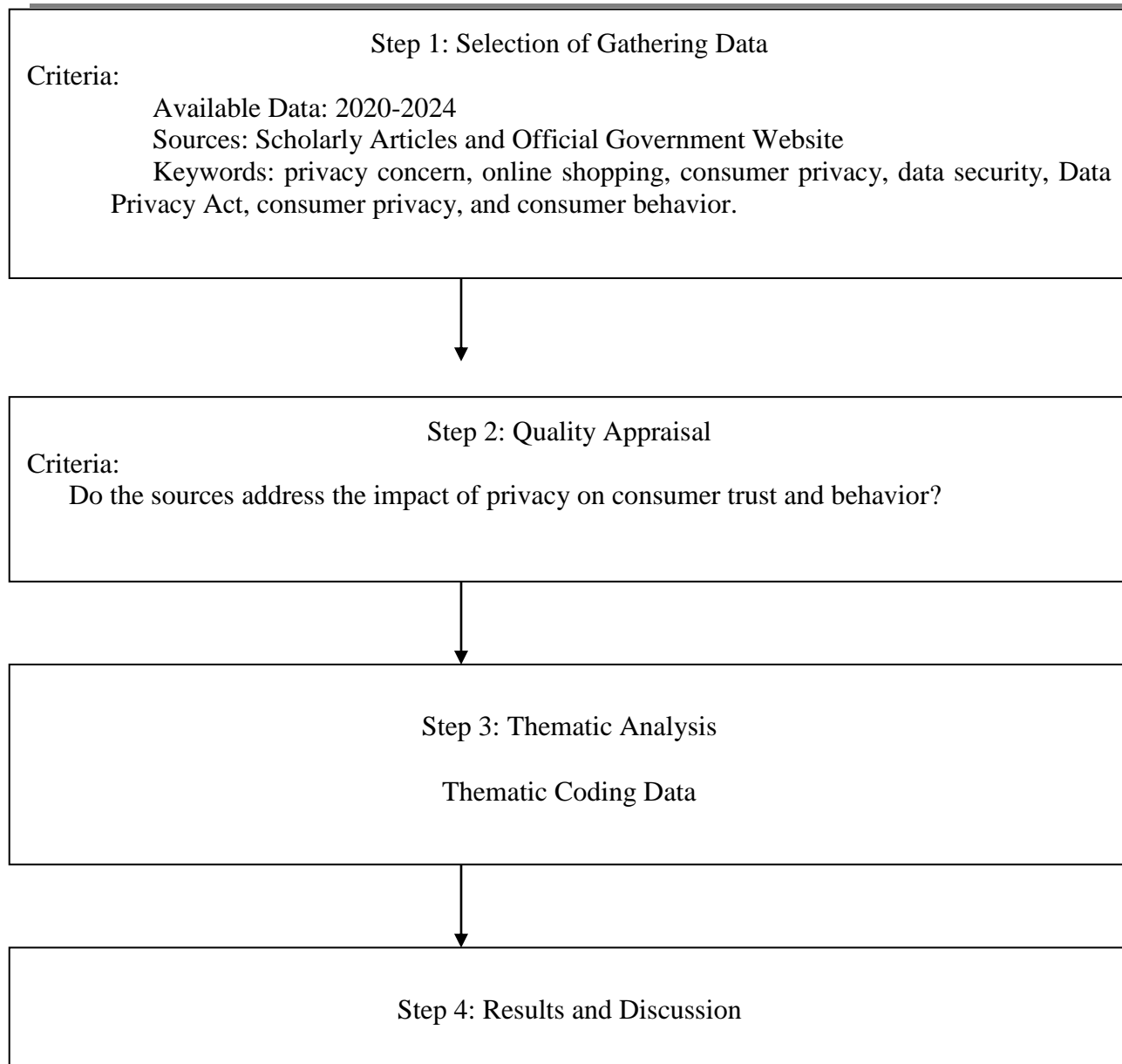


Figure 1. Data Gathering and Preparation

Source: (Delmo et al., 2023)

RESULTS AND DISCUSSION

Table 1: Primary Environmental Concerns and Risks in Implementing AI for Businesses

Primary Concern/Risk	Description	Mitigation Strategies
Data Privacy and Security	Risks of data breaches and improper handling of sensitive customer information (Philippines - Data Protection Overview, 2023).	Implementing robust cybersecurity measures, adhering to privacy laws, and ensuring transparent data collection policies (Anant et al., 2020).

<p>Environmental Impact</p>	<p>This impact is increasingly becoming consumer-led with a high demand for sustainability, with the majority of consumers more than willing to pay for environmentally friendly products; hence, pressure from businesses to embrace responsible behavior in order to satisfy demands of a responsible market (Toral, 2024).</p>	<p>Ensure that Influencers embrace and demonstrate lifestyle changes that are sustainable while educating the audience on environmental issues (Toral, 2024).</p>
<p>Internal Misalignment</p>	<p>Without a culture of transparency within the organization, customer-facing teams may struggle to deliver (Robinson, 2020).</p>	<p>Establish a top-down approach to transparency and ensure that employees learn about and commit to open communication (Robinson, 2020).</p>

Source: Processed by the Authors

This table shows the environmental concerns and risks for a business firm when implementing AI are shown in the table. Instead, they concentrate on three major issues: data privacy and security, environmental impact, and internal misalignment. Data privacy is essential simply because there is the possibility of breaches, and conformity to laws of privacy must be followed, especially in places like the Philippines.

The critical impact of the environment is because more and more consumers are demanding sustainable products, forcing companies to change their behaviors towards sustainable practices (Toral, 2024). In addition, internal misalignment can prohibit success if a culture of openness is lacking because, otherwise, customer-facing teams suffer. According to Robinson (2020), some practical strategies to overcome these challenges regarding cybersecurity, are the use of influencers for sustainability education and creating open communication within the organizations.

Table 2: Effective Communication of Data Practices for Online Businesses

<p>Effective Communication Strategies</p>	<p>Description</p>	<p>Benefit</p>
<p>Providing Transparent Data</p>	<p>Information about price, product offerings, quality level, and business practices will need to be made transparent by companies in order to build trust with consumers. The study of transparency and its impact on brand loyalty will highlight the mechanisms by which consumers make choices regarding selecting brands online (Ikezuruora (2023).</p>	<p>Public opinion is shaped a lot in this age of the importance of social media. Companies that openly discuss their operations and values can gain accolades from consumers who appreciate honesty and authenticity (Ikezuruora (2023).</p>

Disclosure of Business Information	E-commerce websites should give adequate information about their business operations such as contact information, business registration, and conditions of service (Joint Administrative Order No. 22-01 DTI ECommerce, 2022).	Ensuring Consumers have Access to Important Information Prevents Mistakes, thus builds Credibility (Joint Administrative Order No. 22-01 DTI ECommerce, 2022).
Regular Updates on Policies and Regulations	Keep the consumer informed about changes in policies, terms of service, or applicable laws affecting consumer rights (Joint Administrative Order No. 22-01 DTI ECommerce, 2022).	Communication of updates, from time to time, ensures a security status among consumers, further buttressing the corporation's seriousness in the implementation of compliance and customer care (Joint Administrative Order No. 22-01 DTI ECommerce, 2022).
Educational Resources and Training	Provide training workshops, tutorials, and guides to the user on e-commerce tools, digital marketing strategies, and regulation compliance (eCommerce, 2022).	Empowerment through knowledge boosting confidence in the e-commerce space improves business practice and enhances consumer experiences (eCommerce, 2022).
Invest in Website Security	Install an SSL Secure (Sockets Layer) certificate to prove the identity of your website and secure connection. Then, prominently post security badges (Thompson, 2022).	Customer confidence in the safety of transactions increases, and the probability of cart abandonment because of security issues decreases (Thompson, 2022).

Source: Processed by the Authors

The table shows numerous successful communication strategies that companies can use to be more transparent and win the trust of customers. It is essential to have open data related to pricing, product deals, and business activities as this helps create customer loyalty and enables consumers to make informed decisions online (Ikezuruora, 2023). Moreover, companies that are transparent about their policies and practices may create positive consumer sentiment because openness and transparency are in high demand in this generation of social media (Ikezuruora, 2023). To avoid misconceptions and gain more trust, e-commerce sites should have ample information regarding their business contact information and terms of service (Joint Administrative Order No. 22-01 | DTI ECommerce, 2022). Regular updates on policies and laws keep customers informed about changes that may affect their rights, confirming the company's commitment to compliance and customer service (Joint Administrative Order No. 22-01 | DTI ECommerce, 2022).

Moreover, the provision of educational resources and training empowers users by increasing their expertise in e-commerce platforms and digital marketing methods, thereby enhancing their experience (eCommerce, 2022). Investing in website security can be achieved through the implementation of SSL certificates and by displaying security badges, significantly increasing customers' trust in transaction safety, and thereby reducing cart abandonment on account of security issues (Thompson, 2022). Collectively, these measures not only enhance communication but also strengthen the relationship between organizations and their clients. Regular updates concerning policies and regulations keep consumers abreast of changes that may apply to their rights, thus embedding the company's commitment toward compliance and customer care at Joint Administrative Order No. 22-01 | DTI ECommerce, 2022. Moreover, educational resources and training empower users' capabilities

by making them appreciate the tools in e-commerce coupled with digital marketing strategies, that enhance their experience in eCommerce, (2022). Investing in website security through the implementation of SSL certificates and the use of security badges can raise customer confidence about the safety of transactions and reduce the possibility of cart abandonment due to security concerns (Thompson, 2022). In a collective sense, all these strategies improve communication while strengthening the relationship between businesses and consumers.

Table 3: Using Transparency, Communication, and Consumer-Oriented Policies to Show Ethical Commitment in Online Businesses

Practices	Description	Advantages
Transparency	Openness in How Data is collected and used (Robinson, 2020).	Clearly explain what consumer data is collected resulting in naturally gaining consumer trust based on proper handling of transparency among online businesses (Robinson, 2020).
Clear Communication	Informing Consumers about policies and updates (Anant et al., 2020).	Protecting consumer privacy, including obtaining informed consent, using opt-in strategies, and giving people control over their data (Anant et al., 2020).
Consumer-Oriented Policies	Prioritize Consumer Privacy Choices (National Privacy Commission, 2024).	Implement policies allowing customers to control their data preferences (National Privacy Commission, 2024).

Source: Processed by the Authors

The table emphasizes the ethical practices of online businesses, especially the transparency, clear communication, and consumer-oriented policies. Transparency involves open communication with consumers on how data is collected and used. Robinsons (2020) outlines that transparency aids the building of trust upon demonstrating responsible handling of data. The other way is clear communication where businesses keep informing consumers of policies and new updates. Anant et al. (2020) point out that this covers some measures like getting informed consent, opting-in strategies, and ensuring consumers have control over their data in order to protect consumer privacy. In its consumer-centric policies, the organization puts the privacy choice of the user first. It allows the user to configure how their data is controlled. According to the National Privacy Commission (2024), these policies mainly give consumers the power to make choices consistent with business practices and interest.

Table 4: The Best Strategies Implemented by Online Businesses to Fully Address Consumer's Privacy Concerns

Strategies	Description	Impact on Consumers' Behavior
Maintain Transparency and Active Responses	Priority should be given to customer support by offering multiple channels, ensuring timely responses, equipping agents with the necessary	Customers trust more and believe businesses, which leads to greater loyalty and a willingness to recommend them to others

	knowledge to resolve issues, building a strong brand image, and securing customer data (Woods, 2024).	(Thompson, 2023).
Improve Organizational Structure	It involves organizing the company better so it can respond faster to customer needs (Thompson, 2022).	A well-structured e-commerce site with clear information, secure checkout, quality products, and good customer care builds trust and positive reviews. (Robinson, 2020).
Minimizing data and limiting its purpose	All people have the right to know the data that is collected from them, and every person has the right to access it if their information is correct (National Privacy Commission, 2024).	It gives consumers access to clear consent forms and privacy policies which empowers them and shows that the business has ethical concerns about how it uses client data (Morey et al., 2020).
Reviews Feedbacks	It involves asking for customer opinions and using their feedback to improve products and services (Woods, 2024).	When customers see their feedback is valued, they feel more connected to the brand and are more likely to stay loyal (Thompson, 2022).

Source: Processed by the Authors

The table shows various strategies for the development of consumer behavior through effective organizational practices and customer engagement techniques. Important strategies include maintaining transparency and active responses through customer support across multiple channels to build trust and loyalty, improving organizational structure to respond to customer needs quickly Woods (2024), thereby building confidence through a well-organized e-commerce site; minimizing data collection and limiting the functions of the same to empower consumers with clear consent forms and privacy policies, which reflects sound ethical business practices Morey et al., (2020); and being active in seeking feedback from the customers to improve the products and services to strengthen brand connectivity and loyalty Thompson (2022). The above ideas, together, make the business environment more responsive and trustable, influencing consumer behavior positively.

RECOMMENDATION

The following recommendations are based on the findings of the current research for those who will conduct similar research in the future. Future research may discuss how newly developing technologies affect consumer privacy and trust in electronic commerce. It can also include a study of the ways by which artificial intelligence and advanced methods of encryption will make data more secure as well as more transparent. That is, it will give room for researchers to come out with insights on how businesses will use such technology to acquire consumer trust and loyalty in this digital marketplace. Additionally, next researchers should track longitudinal studies, so how the behavior and attitudes of consumers towards data privacy are going to change. It will make better sense of emerging trends in consumer expectations because of new regulations and emerging technologies that come into existence. In this way, the businesses will be able to adjust strategies as necessary to continue maintaining the trust of consumers within an ever-changing landscape.

CONCLUSION

The study has shown that transparency and security are the two major factors that build this trust. Transparency refers to the transparency of the company of which products and services are offered as well as the mode of handling personal information. Security, on the other hand, refers to protecting customers' personal and financial data from cyber threats. In this field, the Republic Act 10173 is quite important. Businesses are obliged to get permission from customers before collecting any personal data from them. This law also comes with the rights of the consumers, which include knowing what information is collected concerning them and the correction of any inaccuracies. Businesses must create policies for safe and secure handling of personal data. More Filipinos become inclined toward local products, and businesses need to respond based on such preferences while dealing with issues such as inventory and integration challenges. Entrepreneurs shall use effective marketing strategies, so brands are created and related to their target market.

If the businesses know what the target market wants, they can come up with better products and services. From there, trust is established. Customers also become increasingly worried about how their data is currently utilized. Earning the faith of consumers can be accomplished by educating them on what information is collected and why, using clear simple language in the privacy policies. Secure measures are equally important; companies should be able to ensure that there is a system in place that prevents unauthorized entry into client data. Transparency in data practices and robust security measures can aid the compliance of regulations but must also be put in place for building a relationship with the customers. Customers would likely stick with a brand if they were confident about the safety of their data. Therefore, a key to long-term success in the competitive e-commerce environment in the Philippines will not be merely a requirement to abide by regulatory laws but the maintenance of good relationships with customers. Educating customers, engaging them, and remaining bound by conventional ethics and regulations will help businesses gain the trust of customers and retain them for a long time enough to ensure continued growth in e-commerce.

ACKNOWLEDGEMENT

First and foremost, we would like to express our heartfelt gratitude to our research adviser, Director Sheryl R. Morales, for the guidance and unwavering support she rendered to us during this research. Heartfelt thanks also to our institute, Polytechnic University of the Philippines Paranaque City Campus, for the necessary resources and environment towards accomplishing our studies. We also thank our classmates who assisted and worked with us towards the accomplishment of this research paper. Finally, we thank the Almighty God for His blessings, guidance, and strength; it would have been impossible to reach this achievement in His absence. The results of this research will provide a strong basis for future researchers in terms of what privacy concerns have on consumer buying behavior in various industries. May you continue to ask challenging questions, seek new ideas, and make great contributions.

REFERENCES

1. Anant, V., Donchak, L., Kaplan, J., & Soller, H. (2020, April 27). The consumer-data opportunity and the privacy imperative. McKinsey & Company
2. Baddache, F. (2023, August 10). Addressing ethical risks of AI working on business and human rights. Ksapa.
3. Bayudan-Dacuycuy, C., & Dacuycuy, L. B. (2022). Harnessing the potential of online marketplaces in the Philippines: Insights from the National Information and Communications Technology Household Survey. *Asia & the Pacific Policy Studies*, 9(3), 288–316.
4. Besim Kamberaj. (2020, February 11). Consumer Trust in E-Commerce.
5. Braun, V., & Clarke, V. (2012). Thematic analysis. In H. Cooper, P. M. Camic, D. L. Long, A. T. Panter, D. Rinds Kopf, & K. J. Sher (Eds.), *APA handbook of research methods in psychology*, Vol. 2. Research designs: Quantitative, qualitative, neuropsychological, and biological (pp. 57–71). American Psychological Association.
6. Building Customer Loyalty Through Privacy & Transparency. 4Comply. (2024, July 30).
7. Cahiles-Magkilat, B. (2021, November 5). Rules on internet-based transactions. *Manila Bulletin*.

8. Catedrilla, J. M., & Suarez, M. T. C. (2022.). Exploring Micro-Entrepreneurs' Trust on Customers in Social Commerce: Perspective from an Emerging Economy. AIS Electronic Library (AISeL).
9. Changchit, C., Klaus, T., & Lonkani, R. (2021, January). (PDF) what drives consumers to shop online? A literature review.
10. Chen, J. (2024, May 10). Business-to-Business (B2B): What it is and how it's used. Investopedia.
11. Data Privacy in DTI. Department of Trade and Industry Philippines. (2024, November 7).
12. Delmo, E. S., Ulep, R. F. A., Urrutia, J. D., Morales, S. R., Gepila, E. S., Sagun, R. D., Mingo, F. L. T., Fernandez, A. A., Costales, J. A., Mas, M. B., & Morada, J. C. (2023). Smoking Playing as a Risk Factor to o other Diseases: A Meta-Analysis. PNR Journal.
13. Dovetail Editorial Team (2023). What is comparative analysis? guide with examples. What is Comparative Analysis? Guide with Examples.
14. e-Commerce, D. (2022, March 4). Joint Administrative Order No. 22-01. Guidelines for Online Businesses Reiterating the Laws and Regulations Applicable to Online Businesses and Consumers.
15. eCommerce, D. (2022.). DTI | Basta E-Commerce Madali | eCommerce Philippines 2022 Roadmap.
16. Faariah, A., & Wandebori, H. (2019). The Adoption of E-commerce by B2B and B2C Customers of Fashion Businesses in Bandung: A Preliminary Study. International Journal of Management and Applied Science, 5(11).
17. Ferrara, E. (2023). Fairness And Bias in Artificial Intelligence: A Brief Survey Of Sources, Impacts, And Mitigation Strategies.
18. Hernandez, B. (2023, August 8). E-commerce in the Philippines: Trends and forecast. Shoppable.
19. Huld, A. (2024, February 15). Philippines enacts new e-commerce regulation. ASEAN Business News.
20. Ikezuruora, C. (2023, December 12). Unveiling the Power: How transparency Impacts Consumer Behavior online. PrivacyEnd.
21. Lambert, T. (2024, September 30). A comprehensive guide to emerging technologies in data protection. PDTN.
22. Morey, T., Forbath, T., & Schoop, A. (2020, September 1). Customer data: Designing for transparency and trust. Harvard Business Review.
23. Mundin, M. T. (2024). Philippines Data Protection Overview. Data guidance.
24. Ngoni, B. (2024, May 10). The importance of marketing in entrepreneurship businesses: Fueling growth and success. Marketers Association Zimbabwe.
25. Official Gazette. (2016). Republic Act No. 10173, known as the Data Privacy Act of 2012. Republic of the Philippines National Privacy Commission.
26. Palmer, L. (2024). Emerging technologies in privacy: AI and machine learning. Trust Arc.
27. Republic Act 10173 - Data Privacy Act of 2012. National Privacy Commission. (2024, July 22).
28. Robinson, S. (2020, August 26). How customer transparency helps companies maintain loyalty: TechTarget. Search Customer Experience.
29. Service, T. I. of C. (2024, February 19). Trust is key to maintaining customer spending through the cost-of-living crisis. Institute of Customer Service.
30. Team, B. (2023, September 14). B2B vs. B2C ecommerce: Key Differences + Future trends.
31. The Rising Importance of Local Filipino eCommerce. etaily. (2022, November 2).
32. Thompson, A. (2022, July 21). 12-ways-to-build-trust-with-customers. DHL Philippines.
33. Thompson, J. (2023, November 1). Why you need to build trust with e-commerce customers. business.com.
34. Toral, J. (2024, January 1). Digital Influencer: Filipino consumer behavior in slow-growth global economy. Newsbytes.PH.
35. U.S. Department of Commerce. (2021). Philippines - ecommerce. International Trade Administration | Trade.gov.
36. Virues, C., Velez, M., & Sanchez, J. M. (2019, May 5). Entrepreneurs as Trust's builders an integrated model. SCIRP.
37. Woods, C. (2024, May 29). How to build trust with customers in e-commerce. Locate2u.