

EDITORS' DESK

THE IMPACT OF THE EUROPEAN UNION'S GENERAL DATA PROTECTION REGULATION (GDPR) ON CONSUMER CHOICES: A TWO WAY ANALYSIS

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1. Abstract

This research delves into the influence of company compliance with 'General Data Protection Regulation (GDPR)', on 'Consumer Demand', employing statistical methods to quantify its impact on purchasing decisions. In addition to GDPR compliance, we also examine the explanatory power of variables such as 'Selling and Marketing Expenses' and 'Unemployment' on Consumer Demand. Utilizing a primary survey , predominantly within India and secondary data from three European Companies, we illuminate the relationship between legal frameworks, consumer behaviour, and the market. We acknowledge the limitations of our study, due to constraints on data availability and sample size, and advise caution while evaluating the results of this paper. Our findings aim to

offer some perspective to the ongoing dialogue in the realm of data protection, offering valuable insights for businesses navigating the still evolving landscape of digital commerce.

Keywords: companies, compliance, Consumer Demand, European Union, General Data Protection Regulation

2. Introduction

The expansion of e-commerce has led to the amassing of significant amounts of consumer data by businesses, particularly by online retailers and marketers. This data is utilised for various purposes, including creating personalised experiences, developing targeted marketing campaigns, understanding consumer preferences, and boosting profits (Jai & King, 2016; IBM Global Business Services, 2012). However, the collection and subsequent use of consumer data raise significant privacy concerns, particularly when such data is acquired without informed consent. The collection of personally identifiable information (PII) is especially concerning, with 69% of consumers expressing limited control over their data and anxieties regarding its misuse or exposure (Pew Research Center, 2019). Consumers are selective about data sharing, often withholding it for transactions deemed less important and potentially switching to competitors exhibiting more trustworthy data practices (Clarke et al., 2019). Furthermore, despite an increasing awareness of consumer privacy, many individuals lack the knowledge to adequately protect themselves, as evidenced

by the low rates of online communication encryption and password changes (Clarke et al., 2019).

2.1 The General Data Protection Regulation (GDPR)

To address these growing concerns, numerous countries have implemented data privacy regulations. This paper focuses on the General Data Protection Regulation (GDPR) introduced by the European Union in 2018. The GDPR has significantly altered the data protection landscape, recognizing "the right to the protection of personal data concerning him or her" for all individuals (Clarke et al., 2019). It defines personal data broadly to encompass any information related to an individual and grants EU residents various data rights, including the right to access and delete their information. Additionally, the GDPR imposes obligations on businesses, such as data auditing and breach notification requirements. The regulation's potential for substantial fines (up to 4% of a company's annual revenue) has heightened awareness among businesses and the public (Clarke et al., 2019). Article 5 of the GDPR outlines key privacy and data protection requirements, including obtaining consent for data processing, anonymizing collected data, notifying of data breaches, securely handling cross-border data transfers, and mandating data protection officers for certain companies (Goddard, 2017).

2.2 Consumer Demand and Trust

Consumer demand is influenced by various factors, with trust in a company's data practices gaining increasing importance. While comprehending all aspects of data collection and usage can be challenging, consumers desire transparency in these processes. The IAPP Privacy and Consumer Trust Report revealed that clarity regarding personal data processing was the primary factor fostering trust in companies (International Association of Privacy Professionals, 2020). However, 40% of consumers struggle to understand company data privacy practices (International Association of Privacy Professionals, 2020). This limited understanding erodes trust across sectors, potentially leading to "privacy self-defence" behaviours including withholding data, obfuscating information, avoiding data-intensive transactions, and switching to privacy-conscious competitors (Cohen, 2019). Over the past year, 85% of consumers reported deleting apps, 82% opted out of data sharing, 78% avoided specific websites, and 67% refrained from online purchases due to privacy concerns (International Association of Privacy Professionals, 2020)

This research aims to contribute to a more comprehensive understanding of how data privacy regulations influence consumer behaviour. Existing research primarily focuses on the potential impact of GDPR compliance on firm performance and revenue potential, leaving a crucial gap in understanding its direct influence on customer behaviour, more specifically, consumer demand . This paper addresses this gap by examining how consumers react to companies' adherence to the regulation.

Utilising various statistical tools, this paper seeks to determine the explanatory power of GDPR compliance on consumer demand, while also identifying and quantifying the influence of other relevant independent variables such as Unemployment, Selling and Marketing expenses, and a GDPR compliance index. These findings will equip businesses with actionable insights into the factors impacting consumer demand and their relative significance, enabling them to navigate the complex privacy landscape effectively and secure consumer trust and loyalty.

To ensure a nuanced and representative analysis, this paper employs a primary survey alongside secondary research to ensure greater credibility to this endeavour. The secondary research focuses on three diverse companies representing distinct industries: Adidas (retail), Accenture (IT services), and BMW (automobiles). This cross-sectoral approach will allow us to test the generalizability of our findings.

3. Literature Review

The General Data Protection Regulation (GDPR), implemented in 2018, stands as a landmark in European data privacy law and has garnered global attention. This paper investigates the potential impact of GDPR compliance on consumer demand. The GDPR strives to address the well-documented "privacy paradox," where consumers express concern for data privacy but readily trade it for perceived benefits (Barnes, 2016). By empowering individuals with transparency

and control over their data practices, the GDPR holds the potential to reshape this dynamic. Laufer and Choi (2016) posit that increased control over data sharing fosters feelings of empowerment and autonomy, leading to greater satisfaction and trust in organisations demonstrably respecting privacy rights. This aligns with Gefen and Straub's (2003) work on building trust through ethical data practices, suggesting GDPR compliance may strengthen customer relationships and loyalty.

However, GDPR compliance presents its own set of hurdles. Culnan and McDevitt (2010) warn that stricter data collection procedures and opt-in processes can introduce friction and inconvenience for consumers accustomed to seamless online experiences. This aligns with Acquisti's (2018) concerns about "privacy fatigue," where frequent exposure to consent requests and privacy notices can diminish their effectiveness and even induce resentment. Striking a balance between robust data protection and user-friendly experiences becomes crucial for organisations seeking GDPR compliance without deterring consumers.

The other explanatory variables employed in this paper also deserve to be analysed in this section. Kohli and Jaworski (1998) suggest that research into aspects such as marketing , Research and development (R&D), to name a few, enhances customer satisfaction and enhances business performance. Thus, there seems to be a positive relationship between investments in segments like

marketing and consumer demand, assuming consumer satisfaction is directly correlated to consumer demand. Whereas, unemployment renders people with no steady source of income. It erodes their disposable income and people tend to spend less. Unemployment is associated with decrease in spending (Ganong and Noel, 2016).

The relationship between GDPR compliance and demand becomes even more intricate when considering moderating factors. Smith (2019) emphasises how variables like age, technological savviness, and pre-existing privacy awareness can shape individual reactions to stricter data practices. Kim and Sundar (2020) highlight the role of industry characteristics, suggesting the perceived value of data control might vary depending on the nature of data collection and its relevance to consumer choices in specific sectors. Degeling and Freeling (2019) remind us that even the implementation approach of the GDPR – transparency, user-friendliness, and communication – can significantly impact the perceived experience and its influence on consumer behaviour.

Empirical evidence offers both encouraging and conflicting perspectives. Evans (2023) found increased opt-in rates for data sharing in GDPR-compliant organisations, suggesting the potential for trust-building. Conversely, Park et al. (2021) reported decreased website conversions after implementing cookie consent banners, highlighting the potential for friction and inconvenience in certain contexts. These mixed findings underscore the need for further

research that delves deeper into the role of moderating factors and explores how GDPR compliance influences demand across different industries and consumer segments.

4. Methodology and Findings

We have conducted a primary survey in India with a sizeable sample size of 75 alongside analysing secondary data to give greater credibility to our findings.

4.1 Primary Research

To understand the correlation of consumer demand with parameters like investment in product marketing and data compliance, a primary survey was undertaken to understand the variables of interest and their correlation with consumer demand. A Google form consisting of the following questions was shared across people from different age groups and occupational structures, of which more than 50% of the respondents were in the age group of 18-21 years. The adjoining table depicts the questions asked:

Table 1: Questionnaire

Serial no.	Survey Questions
1	Have you ever given feedback, raised complaints regarding consumer satisfaction to the products/services of various companies that you use?
2	If yes, In the long run do you think they were taken into consideration by the companies?
3	Do you think such efforts undertaken by the companies affect your demand positively?
4	How much of an influence does an advertisement have on you, to shift to a particular company from a closer substitute?
5	Do you believe that Data Protection and compliance to data privacy laws by companies are important?
6	If a company adheres to data privacy laws and complies to Data Protection laws, does that positively affect your demand towards those products/services?

A total of 75 responses were recorded. Interpretations from the questions enlisted in Table 1 are as follows:

It appears that 66.7% of the sample have given feedback or raised complaints to various companies regarding their satisfaction from consumption of a particular product or service. However, only around 16% believe that their concerns, issues or feedback have been taken into account by those companies. Further, 64% of the sample believes that if such efforts are actually taken into account, this would positively affect their demand towards the consumption of the company's products.

To understand the next explanatory variable, advertisement expenditure, the respondents were asked about the extent of influence advertisement had on their consumer demand. While 76% claim that it positively affects their demand to some extent, for approximately 15% of the sample, advertisements have a sure-shot impact on influencing their demand.

The next important explanatory variable is concerned with adherence to data privacy laws. It is interesting to note that, more than 90% of the sample believe that compliance with data privacy laws is important and more than 70% claim that it positively impacts their demand towards the companies. This suggests that it becomes extremely important for companies to adhere to crucial data protection laws as it has substantial impacts on consumer demand. Since GDPR falls under the purview of data protection and privacy laws, we can safely

assume that consumers might have a similar stance with regards to this particular regulation as well.

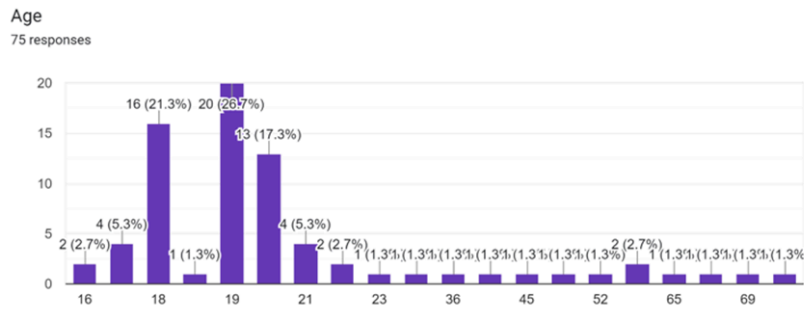


Figure 1: Age distribution of respondents

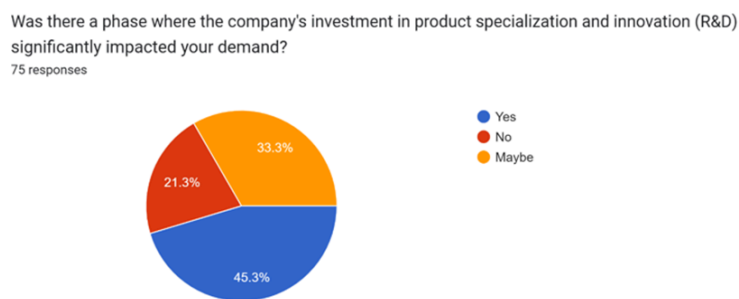


Figure 2: Perceptions of Company Investment on Demand

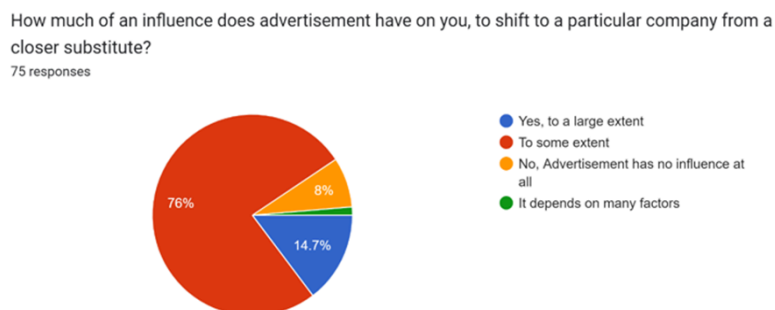


Figure 3: Influence of Advertisements and Brand Loyalty

Do you believe that Data Protection and compliance to data privacy laws by companies are important?
75 responses

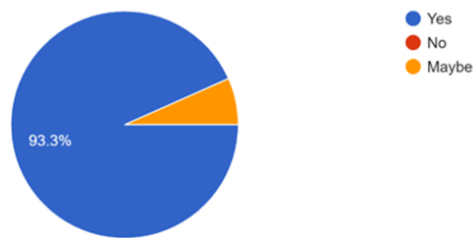


Figure 4: Perception on Data Privacy

If a company adheres to data privacy laws and complies to Data Protection laws, does that positively affect your demand towards those products/services?
75 responses

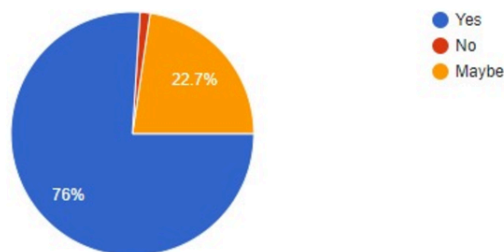


Figure 5: Impact of Data Protection on Consumer Demand

4.2 Secondary data research

For the purpose of this analysis, we have chosen three European companies namely- Adidas (Germany), Bayerische Motoren Werke i.e., BMW (Germany) and Accenture (Ireland). Since GDPR is applicable to firms that process data of European residents, we have selected data driven companies based in Europe, for ease of information availability. The firms have been selected in a manner

that each belongs to a unique industry which makes our data more representative and far reaching, lending greater accuracy to the results of this study. For instance, Adidas belongs to Textiles, Apparel and Luxury Goods; BMW falls under the purview of Automobiles and lastly, Accenture can be categorized under IT Services.

Variable Description

1. Dependent Variable:

Consumer Demand is chosen as the dependent variable here. We analyse this variable using data from the sales revenue of the three selected European companies. Information on sales revenue has been obtained from the financial statements of each company from 2018 to 2022. Due to lack of data availability on consumer demand, we have considered sales revenue to be a close proxy for consumer demand.

2. Explanatory Variables:

i. Primary Variables: Our primary variables include 'GDPR compliance index' and 'Selling and Marketing Expenses'.

Since there was no comprehensive index indicative of GDPR compliance, we have created a simple yet comprehensive index using the weighted rating method to compute a compliance score for each company out of 10. We chose

four parameters integral to the data privacy statements of companies, which are as follows:

- a. Data Collection transparency
- b. Consent and Legal basis
- c. Data security measures
- d. Allegations of data breach against the company

Each parameter was assigned a weight (in percentage terms) and then multiplied with the rating graded on a scale of 1 to 10, to yield the GDPR compliance index score for each firm.

Selling and Marketing Expenses have been obtained from the financial statements of each company from 2018 to 2022.

ii. Control Variables: To enhance result accuracy we used a control variable : 'Unemployment'. Unemployment data has been obtained from the government records of the countries to which the chosen three companies belong.

In order to obtain definite results, we have opted for a simple model with 3 explanatory variables due to a small time period of 5 years from 2018-2022.

Adidas

This segment aims to capture the explanatory power of the GDPR compliance index on Consumer Demand (measured by Sales Revenue) of Adidas (Germany) using multiple linear regression.

Table 2: Summary Statistics for Adidas (representative textile, apparel company)

	GDPR compliance index (on a scale of 10)	Consumer Demand (Measured by Sales Revenue) (in Million Euros)	Sales and Marketing Expenses (in Million Euros)	Unemployment (in %)
mean	7.36	21547	7631.4	3.3878
std	0.78613	1951.14595	561.027	0.34521
min	6.5	18435	6974	2.989
25%	6.8	21234	7329	3.14
50%	7.3	21915	7451	3.38
75%	7.7	22511	8039	3.57
max	8.5	23640	8364	3.86

The multiple linear regression model is specified with 'Consumer Demand' as the dependent variable and 'Selling and Marketing Expenses,' 'Unemployment,' and 'GDPR compliance index' as independent variables. The model is fitted using the Ordinary Least Squares (OLS) method, results of which are shown in Table 3.

Table 3: OLS Regression Analysis Results: Adidas

Variable	Coefficient	Remarks
Selling and Marketing Expenses	-1.8856 [0.844] {-0.251}	Not significant
Unemployment	-8359.0411 [0.604] {-0.717}	Not significant
GDPR compliance index	-483.2171 [0.746] {-0.422}	Not significant

Note: Value within square bracket depicts p-value
Value within curly bracket depicts t-value

While coefficients indicate negative associations, none are statistically significant (p-values > 0.05). The model's overall fit, assessed by the F-statistic, indicates moderate significance (p-value = 0.403).

The large condition number prompts consideration of multicollinearity. The regression model exhibits a high R-squared value (0.896), implying substantial explanatory power. The lack of statistical significance in individual coefficients and potential multicollinearity weakens our model.

In order to address the above-mentioned issues, we performed a Linear Regression on the variables 'Selling and Marketing Expenses', 'Unemployment'. Whereas a Polynomial Regression is run on the variable 'GDPR compliance index'. Table 4 depicts the results of the linear regression.

Table 4: Linear Regression Results: Adidas

Variable	Coefficient	Remarks
Selling and Marketing Expenses	-4.1282 [0.418] {-1.012}	Not statistically significant
Unemployment	-1.17E+04 [0.0221] {-1.759}	Mild statistical significance

Note: Value within square bracket depicts p-value
Value within curly bracket depicts t-value

The linear regression model examines the relationship between consumer demand and two independent variables: selling and marketing expenses (x1) and

unemployment (x2). The results indicate that the model's R-squared value is 0.878, suggesting that approximately 87.8% of the variability in consumer demand can be explained by the chosen predictors. The adjusted R-squared value accounts for potential overfitting and is 0.756. The F-statistic tests the overall significance of the model, yielding a p-value of 0.122, suggesting no statistical significance at a conventional significance level (i.e., 0.05). The coefficients for the selling and marketing expenses, and unemployment are presented with their associated t-values, and p-values. Notably, the p-values for the individual coefficients indicate that selling and marketing expenses are not statistically significant whereas unemployment is mildly significant.

The polynomial regression model (results which are depicted in table 5) explores the relationship between consumer demand and the GDPR compliance index, incorporating quadratic terms.

Table 5: Polynomial Regression Results: Adidas

Variable	Coefficient	Remarks
GDPR compliance index (Linear term)	-3.78E+04 [0.395] {-1.075}	Not statistically significant
GDPR compliance squared (Quadratic term)	2.51E+03 [0.396] {1.072}	Mild statistical significance

Note: Value within square bracket depicts p-value
Value within curly bracket depicts t-value

The Polynomial Regression Results show that the GDPR compliance index (linear term), and GDPR compliance index squared (quadratic term) have associated coefficients. The coefficients provide insights into the estimated impact of GDPR compliance on consumer demand. However, the adjusted R-squared value for the polynomial regression is 0.367, suggesting that the model's explanatory power is limited, with only approximately 36.7% of the variability in consumer demand captured by the GDPR compliance index.

BMW

We now investigate the relationship between the Consumer Demand (measured by Sales Revenue) of BMW (Germany) and key independent variables—GDPR Compliance Index, Selling and Marketing Expenses, and Unemployment—utilizing Ordinary Least Squares (OLS) regression.

Table 6: Summary Statistics: BMW (Representative automobile company)

	GDPR compliance index (on a scale of 10)	Consumer Demand (Measured by Sales Revenue) (in Million Euros)	Sales and Marketing Expenses (in Million Euros)	Unemployment (in %)
mean	7.63	110780.8	8158.4	3.39
std	0.68	18637.56	589.45	0.35
min	6.75	96855	7503	2.99
25%	7.4	98990	7870	3.14
50%	7.5	104210	8067	3.38
75%	7.9	111239	8268	3.57
max	8.6	142610	9084	3.86

Table 7: OLS Regression Analysis Results: BMW

Variable	Coefficient	Remarks
Selling and Marketing Expenses	36.402 [0.224] {2.729}	Not statistically significant
Unemployment	6616.6749 [0.823] {-0.285}	Not statistically significant
GDPR compliance index	5.16E+05 [0.247] {2.449}	Not statistically significant

Note: Value within square bracket depicts p-value
Value within curly bracket depicts t-value

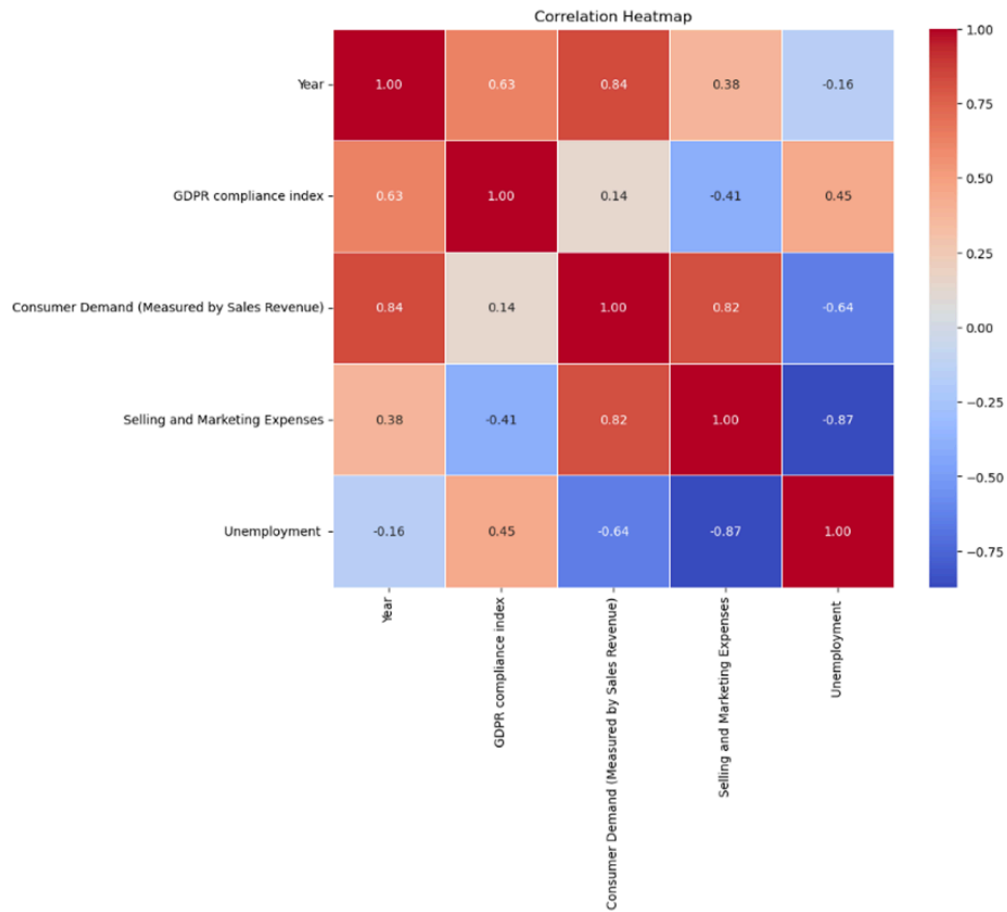
The OLS Regression Analysis Results Table is shown above. GDPR Compliance Index exhibits a positive impact, although statistically insignificant (p-value: 0.247). Selling and Marketing Expenses show a positive impact, with no statistical significance (p-value: 0.224). Unemployment's negative impact lacks statistical significance (p-value: 0.823).

A condition number of 8.28e+05 raises concerns about potential multicollinearity. Multicollinearity is evaluated using the Variance Inflation Factor (VIF), in table 8 and a correlation heatmap.

Table 8: Multicollinearity Analysis: BMW

Variable	VIF
Selling and Market Expenses	68.405447
Unemployment	123.246606
GDPR compliance index	189.479597

Table 9: Correlation Heatmap for BMW



We employ a Lasso regression to address the issue of multicollinearity in our model. Our final results are as follows:

Table 10: Lasso Regression Results

Variable	Coefficient
Selling and Market Expenses	19054.69883
Unemployment	1868.279525
GDPR compliance index	9163.151317

The GDPR compliance index exhibits a strong positive impact on consumer demand, with a one-unit increase associated with approximately 9163 units higher demand. Selling and marketing expenses show a substantial positive association, indicating that a one-unit rise corresponds to a notable increase of around 19055 units in consumer demand. Surprisingly, higher unemployment is unexpectedly linked to increased consumer demand, with a one-unit rise associated with approximately 1868 units higher demand.

Accenture

Table 11: Summary Statistics: Accenture (Representative I.T. services)

	GDPR compliance index (on a scale of 10)	Consumer Demand (Measured by Sales Revenue) (in Million Euros)	Sales and Marketing Expenses (in Million Euros)	Unemployment (in %)
mean	8.15	48132.44	4933.34	5.37
std	0.53	8316.06	771.39	0.72
min	7.7	40992.5	4196.2	4.36
25%	7.8	43215	4448	4.95
50%	7.95	44327	4625.9	5.62
75%	8.3	50533.4	5288.2	5.74
max	9	61594.3	6108.4	6.19

This section employs advanced regression models to investigate the influence of Selling and Marketing Expenses, Unemployment, and the GDPR compliance index on Consumer Demand (Measured by Sales Revenue) for the services of Accenture (Ireland). Two distinct models, Ordinary Least Squares (OLS) Regression and Huber Regression, were applied to uncover insights into the relationships within the dataset.

Table 12: Ordinary Least Squares (OLS) Regression Results table:

Variable	Coefficient	Remarks
Selling and Marketing Expenses	10.225 [0.073] {1.174}}	Statistically significant
Unemployment	-1305.39 [0.496] {{1290.77}}	Not statistically significant
GDPR compliance index	-1.62E+02 [0.958] {{2453.13}}	Not statistically significant

Note: Value within square bracket depicts p-value
Value within curly bracket depicts t-value

The OLS model demonstrated exceptional explanatory power (R-squared: 0.996), indicating the robust influence of the considered variables. Notably, Selling and Marketing Expenses emerged as a significant positive contributor to Consumer Demand, while Unemployment exhibited a negative association. The GDPR compliance index, however, did not reach statistical significance, suggesting a limited role in explaining changes in Consumer Demand within the context of Accenture's analysis.

The identified issues included potential multicollinearity (large condition number) and presence of outliers. Employing a Lasso regression to mitigate the effects of multicollinearity in the model, would have severely compromised the interpretability of the GDPR compliance index coefficient. Hence, we have to account for the potential impact of multicollinearity in our final results.

The Huber Regression model was chosen for its robustness to outliers, making it particularly suitable for datasets where influential data points may exist. Unlike Ordinary Least Squares (OLS), Huber Regression incorporates a hybrid loss function that is less sensitive to extreme values, striking a balance between the resilience of robust regression methods and the efficiency of OLS in the absence of outliers. This choice was motivated by the desire to ensure the reliability of the analysis in the presence of potential influential data points, enhancing the model's stability and providing more accurate parameter estimates.

Table 13: Huber Regression Results: Accenture

Variable	Coefficient
Intercept	-538.88
Linear Term for GDPR compliance index	-41.04
Quadratic Term for GDPR compliance index	-3.21
Selling and Marketing Expenses	10.62
Log-transformed Unemployment	-2179.74

The Box-Cox transformation has been applied to the ‘GDPR compliance index’ variable to stabilize the variance of the variable across different levels and improve the linearity of its relationship with consumer demand. The unemployment variable has been converted to a logarithmic scale to address linearity concerns. We then combined the transformed variables with other independent variables to fit the Huber Regression model.

The negative coefficient for the quadratic term in GDPR Compliance Index (-3.21) suggests a diminishing effect on the response variable as GDPR Compliance increases, while the log-transformed Unemployment variable (-2179.74) indicates a negative impact on the response variable. Selling and Marketing Expenses, with a positive coefficient of 10.62, exhibits a positive association with the response variable.

***Note: In the methodology section of this paper, the Python software was deployed to analyse the implications of our research.*

Results

According to the final regression results obtained for Adidas, only Unemployment exhibits mild statistical significance in explaining variation in Consumer Demand. all The remaining variables appear statistically insignificant. In the case of BMW, the Lasso regression results suggest that GDPR compliance index and Selling and Marketing Expenses appear to exhibit higher explanatory power in addressing the change in consumer demand. In the final case of Accenture, Log-transformed Unemployment and the linear term for the GDPR compliance index explain most of the variation in consumer demand.

Selling and Marketing expenses are negatively related to consumer demand only in the case of Adidas whereas consumer demand increases positively with Selling and Marketing expenses for BMW and Accenture. Unemployment

depicts a surprisingly positive relation with consumer demand in the case of BMW, whereas it exhibits the usual negative relationship in case of the other two companies.

Although this suggests that GDPR compliance index does impact consumer demand to a certain degree, the fact that they are statistically not significant dampens our inference. Furthermore, GDPR compliance index was negatively correlated to consumer demand in case of Adidas (only the linear term for GDPR compliance index) and Accenture, whereas, there is literature that suggests the opposite (Fox, et al., 2022, Gong, et al., 2019). Thus, this result strongly contradicts our findings from primary research which clearly evidenced that adherence to data privacy and protection laws, positively enhanced consumer demand.

Further research over the years is imperative in order to arrive at a more definitive conclusion. Given that the GDPR law is a relatively recent phenomenon, this study was restricted to data from the last few years, 2018 to 2022. This smaller time frame might have contributed to the contradictory nature of our findings from the primary and secondary data analysed. We believe that this contradiction is likely to gradually disappear over the coming years, once consumers become more 'data-aware' and realise the extent of power companies can wield over their data privacy. They will then come to value companies that take necessary steps to protect customer data. It will then

not be too far-fetched to suggest that this enhanced perception of consumers towards such companies is likely to translate into increased consumer demand.

Limitations

Due to feasibility constraints, the majority of the respondents of our primary survey were residents of India. Furthermore, due to the novelty of the selected area of research, there was insufficient data availability, limited to five years, 2018 to 2022. In addition to this, the GDPR compliance index was constructed with a simple calculation which may not account for the latent complexities involved while analysing the extent of consumer data sensitivity of companies. While the statistical models employed throughout this analysis offer valuable insights, it is imperative to acknowledge their shortcomings. For instance, the models assume linear and polynomial relationships, which may not fully capture the complexity of real-world dynamics. Furthermore, other observed/unobserved factors may influence consumer demand that haven't been included in this study. The relatively small sample size (five observations) may affect the robustness of the findings as well. Lastly, this paper was also subject to time constraints, which may restrict the depth of analysis undertaken. Despite these limitations, this research lays the groundwork for further investigations into the multifaceted relationship between data regulatory compliance and consumer behaviour.

Conclusion

This study first employed a primary survey, to generically analyse the impact of ‘compliance with data privacy and protection laws’ on ‘consumer demand’ in a predominantly Indian context, with a sample size of 75. It then proceeds to take the rather specific case of a European data protection law, The General Data Protection and Regulation, (GDPR) and examines its impact on consumer demand in Europe. The sample covers data from the years 2018 to 2022.

The results of the primary survey exhibited a highly positive correlation between data privacy and protection laws, and consumer demand suggesting that companies should take immediate action to ensure active compliance with these laws, so as to improve their business via increased consumer demand.

The secondary research, however, displayed contradictory findings: GDPR compliance was insignificant in explaining consumer demand and it was negatively correlated to the same variable in two out of the three companies considered. This seems to suggest that it is difficult to draw any conclusive relationship between the extent of GDPR compliance of companies and their impact on consumer demand.

The paper seeks to reconcile the two contradictions with the following assertion regarding GDPR compliance and consumer demand: Given that consumers seem to be realising the necessity of data protection very slowly, it

may well be the case, that company efforts to be more data sensitive will yield positive results, in the form of enhanced customer demand, once consumer awareness regarding their data rights becomes more widespread.

Lastly, our findings suggest that governments and firms should certainly take requisite measures to boost consumer awareness regarding their data rights, while emphasising upon the need to have secure systems in place, to protect various kinds of customer data. The expected increase in consumer demand due to greater awareness, will incentivise companies to enact stringent data protection measures, to capitalise upon this hike in demand, and this will in turn ensure that consumers are safe, creating a mutually beneficial situation for both.

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