

SERVICE THROUGH PERSONAL ENCOUNTERS OR TECHNOLOGY; THE PREFERENCES AND PRIVACY CONCERNS OF GENERATION Z (MINI REVIEW)

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ABSTRACT

Companies use online and in-person service personalization, and most consumers have higher satisfaction with a product tailor-made to their needs. However, to provide such a service, personal data collection is inevitable. Even in the case of a satisfied consumer, privacy concerns are always present. As the hospitality service product becomes more digitalized, it is essential to consider if the Personalization - Privacy paradox is equally real for all age groups or target groups.

Keywords: Generation Z, Personalization, Data privacy, Application usage

INTRODUCTION

Generation Z is famously high-tech, unique, and prefer co-creation; therefore, hotels worldwide will have to implement a different approach to make them loyal, satisfied customers. (Berkup, 2014, Fister-Gale, 2015, Turner, 2015, Williams & Page, 2011). Personalization should give an advantage for hotels to reach this generation as it is essentially catering the service to the unique guest needs, (Berry, Parasuraman, & Zeithaml, 1988; Crosby, 1979; Parasuraman et al. 1988, Grönroos 1984, Surprenant & Solomon, 1987, Kokko & Moilanen, 1997). However, research shows that although Generation Z values co-creation (Sima, 2016, Berkup, 2014, Fister-Gale, 2015, Turner, 2015, Williams & Page, 2011, Fernandes & Radebe, 2018), not value personalization as much. (Smith, 2017, Matveeva and Krasnov, 2019) This exploratory research attempts to find if Generation Z values applications over face-to-face and other personal encounters; if they value personalization; how much trust they have towards the service provider, and if they would be willing to pay for personalized services.

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LITERATURE

Personalization is an existing concept in high interaction relationships and computer science. It can refer to any behaviors occurring in the interaction intended to contribute to the customer's individuation (Surprenant & Solomon, 1987); therefore, it is more effective in satisfying the customer's needs.

Firms use customer information to improve their service quality and design by personalized offerings (Barwise & Strong, 2002). To be successful, firms must collect customer information; therefore, it can also cause customer privacy concerns (Andrade et al., 2002); the data collection can create negative feelings towards the service they receive (Joinson & Paine, 2007). This dynamic creates the so-called “personalization privacy paradox”. However, Lee and Cranage's (2011) research shows that if privacy concerns are addressed, the customer perceptions of personalization could be more positive. If the customer is given some privacy assurance, it can lead to fewer concerns about personal privacy (Culnan & Amstron, 1999, Phelps et al. 2000, Lee & Cranage, 2011). This kind of communication and trust in the company can help, as the company's reputation will affect the customer's willingness to share data (Schonenbachler & Gordon, 2002).

Another factor that must be considered is the level of understanding of the service. For example, (Sundar & Marathe (2010) study show that non-professional computer users preferred personalized websites while professionals had more concerns as they understood the underlying information collection process.

Generation Z, though accustomed to high-tech and multiple information sources, values authenticity and ‘realness’. (Williams & Page, 2011) For this generation, the marketing of hotels has to shift from telling the hotel story and starting a conversation about the Z consumer's story. Smart technologies influence Generation Z consumers' experiences and use them to make more educated decisions. (Priporas, Stylos, & Fotiadis, 2017, Salesforce, 2020). It might be the reason why Generation Z shows less interest in personalization when it comes to marketing and mobile applications (Smith, 2017, Fernandes & Radebe, 2018).

RESEARCH METHODOLOGY

Based on the literature, we have formulated the following research questions concerning the behavior of Generation Z.

Q1: Do Generation Z tourism students prefer personalized services?

Q2: Do Generation Z tourism students prioritize devices over face-to-face encounters?

Q3: Do Generation Z tourism students have a high level of data privacy need?

The surveys were administered online. Our sample consists of bachelor students studying tourism and catering (born between 1995-2002) at the University of Pannonia. They have some basic knowledge of hospitality, so they know hotels' potential services and operations. We obtained a total of 80 valid responses, of which 63.7 % (51) were female, and 88.8 % (71) had more than one social media platform.

SCALE DEVELOPMENT

The information was obtained through a questionnaire where the participants had to choose on a 5-point Likert scale. The scale went from “Strongly Disagree”, “Disagree”, “Neutral”, “Agree”, “Strongly Agree”. It was essential to use a 5-point Likert scale as the participants understood the difference between the levels, as the participants were young adults and not professionals. We had 39 Likert Items, from which 24 can be divided into 7 Likert scale categories.

We have identified the following categories;

TC. Technology Customizability (based on Chellappa & Sin, 2005)

PC. Provider to Customer Communication, (based on Nyheim et al., 2015)

WS. Willingness to Share for Unique Service,

TD. Trust of Data Safety, (based on Lee and Cranage, 2011)

FE. Face-to-Face Encounter,

PC. Phone Calls,

AU. Application Use.

The other Likert Items were produced and categorized to measure; how open Generation Z is to share their data (WS. “Willingness to Share for Unique Service”), and what are their preferred communication channels (FFE: Face-to-Face Encounter, PC: Phone Calls, AU: Application Use).

Due to the low number of items, instead of Cronbach's Alpha (Tavakol, M. and Dennick, R., 2011) first, the scales' total score was identified, and the correlation of the items was compared to the total. As Likert items are ordinal, Spearman rank correlation was used to determine the correlation between total and items. (Trochim, 2020, Dimitrov, 2014). (Trochim, 2020). suggests using correlation above 0.6; however, in Spearman rank correlation coefficients of 0.50 and above represent a large association, we will keep the items higher than 0.5.

After leaving out those with low coefficients, the average inter-item correlation was used to analyze the internal consistency reliability. The ideal range of average inter-item correlation is 0.15 to 0.50. (Trochim, 2020).

REVIEW OF THE RESULTS

In the case of Generation Z and personalized services, when we talked about (TC) technology customizability preferences, the respondents agreed on its importance (58.8%). They valued (TC2) personalized websites (77,6%) more than (TC3) personalized services based on voluntarily given information (57,6%). They have also given high value to Web pages that are personalized for the device they use (TC 1) (93.9%). Based on this, it seems that personalization of technical devices is important; however, they were neutral towards personalized communication between them and the hotel (CC) and sharing information for personalized service (WS).

We have found that there is a small association between (TC) technology customizability and (PC) personalized communication preference (0.227). However,

those who have only one social media platform (M) been less likely to prefer (Total TC) customizability of technology (-0.271). Although respondents were neutral, we have found that (CC) respondents with personalized communication preference have a medium association to preferring of face-to-face encounters (0.416) and are likely to trust the service provider with their data (0.341). This can mean that they prefer personalized communication in person.

Those who prefer personalized advertisements are the ones who are also trusting the service provider with their data. We also found that (WS) respondents who are more likely to share information about themselves for personalized service not only prefer (CC) personalized communication (0.656) but also have a small association towards (FE) personal encounters (0.269) and (PC) phone calls (0.229).

Those participants who trust more in the service provider will trust their data. We have also found a medium association between those willing to share information for personalized service (WS) and their trust that their data will be treated with confidence 0,363 (TD3).

Based on this, we can say that personalization is important to Generation Z, but they give small to moderate focus to it now. Those who preferred personalized communication and were willing to share personal information preferred more personal encounters (phone calls etc.), trusting that the service provider would ensure that their data would be treated safely.

When focusing on data privacy, respondents showed high concerns about the safety of their data, 81.3% agreed that the service provider only needs to know about what is most necessary about the guest (TD1), and 60 % agreed that they are afraid that their personal information will be misused (TD2) However, if they trust that their data will be treated with confidence (TD3), the answers were more neutral.

The same can be said about their attitude (PPI) when providing personal information. However, when it comes to the information they shared on their social media platforms, they disagreed (77,5%) that the service provider used that information (PUI).

In line with these results, we have found a medium association between trust of data safety (TD) and (I) the fact that they do not like to share their information (0.496) and a negative association about (PUI) using information they have shared on social media (-0.285).

We can conclude that Generation Z has high privacy concerns, but when they trust that the hotel will handle their personal information with care, they are willing to provide personal information; however, they do not like the idea of their information being harvested. So, control of their data is important.

When looking at the preferences between face-to-face encounters (FE), phone calls (AU) and application usage (AU), they were neutral about face-to-face encounters and phone calls. However, they were positive about the usage of applications. For example, 70% agreed that if there is an application, they will use it over personal encounters (AOF), and 70% agreed that they would prefer to use it over phone calls (AOP).

To support this, we have found that the preference of face-to-face encounters (FE.) have a medium negative association with (AU) application usage (-0.314) and with application use over the face-to-face encounters (AOF. -0.341). So, the more someone will prefer face-to-face encounters, the less likely they would like to use an App; however, interestingly, those who prefer face-to-face encounters had (TD3) trust in the hotel treating the data in confidence (0.282), and they are also willing to share information for a personalized the service (0.269).

Those respondents who preferred phone calls (PC) we have found to be more likely to have (OSM) only one social media account (0.222). Those respondents who preferred personalized websites (TC1) have also preferred (AU) applications used 0.325. We have found medium and strong association towards AOF. (0.496) and AOP. (0.573) and also between AOF. and AOP. (0.707) This shows that respondents prefer to use an application over face-to-face encounters and phone calls.

As there was a negative medium association between having only one social media account (OSM) and Application usage (AU. -0.314), we can and conclude that those who have only one social media account are less likely to prefer applications will want personal encounters; however, the majority of the respondents prefers applications over other forms of communication.

Respondents were neutral regarding their willingness to pay, 30% agreeing 33,8% being neutral and 36.3% disagreeing, but we have found a small association between the willingness to pay (PPS) and in trust that the data is treated with confidence (0.292) those who willing to share information for personalized service (0.253) and those who preferred face to face encounters (0.256).

CONCLUSION

Generation Z customers value co-created products and services (Sima, 2016, Berkup, 2014, Fister-Gale, 2015, Turner, 2015, Williams & Page, 2011, Fernandes & Radebe, 2018). but they showed moderate interest in personalization. Therefore, this research wanted to explore how this unique experience seeker Generation would weigh the importance of personalization concerning sharing personal data or paying more for the unique services. We were also interested if they would prefer face-to-face encounters and traditional channels to communicate with the service provider.

The research showed that they are willing to share personal information when they trust that their data will be safe. However, as they have a higher understanding of technology's underlying constructs and functions, they also have a high awareness of the information they share. The research shows that they were more trusting of their information when they preferred personal encounters. We found that Generation Z has some interest in personalization. They are not refusing the idea to pay for it (only 36.3% disagreeing); however, they did not show an outstanding interest in personalized service. Generation Zs are mostly young adults and students; therefore, they might not have the chance to experience hotel service and high-quality service. This could influence their willingness to pay for special services. We have found, however, clear signs of data awareness.

We have also found that application is preferred over phone calls and more likely to be used over face-to-face encounters.

For hotels concentrating on the younger generation, using Apps and selling their services through apps can be beneficial. We have concluded that this generation would rather use the apps than engage in personal interactions. Allowing them to use technology for the hotel services can give them more satisfaction in the hotel experience as they prefer application usage over personal encounters. A hotel can even provide personalized services with high data assurance (or transparent communication).

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