

Useful or Invasive? Your thoughts on Personalized Advertisements

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Personalized advertising (sometimes referred to as behavioral re-targeting) represents a new and emerging trend in the field of online advertising. Through the use of enhanced online data collection techniques, marketers can now craft seemingly made-to-order advertisements tailored to a specific individual. Numerous websites and services have begun hosting personalized banner and/or text ads, such as YouTube, Facebook, Hotmail, and Gmail. In addition, the technique is being used by more and more firms such as Amazon, MetLife, Dollar Thrifty, Staples, Joseph A. Bank, Orbitz, Zappos, and T-Mobile.

Through advances in data collection that allow individual consumers to be identified and their behavior analyzed, personalized advertising promises to deliver consumers more relevant ads. This is because the ads are created from specific consumer information and explicit and/or implied preferences obtained from previously monitored online activity including search entries, cookie clickstream data, and/or user profiles.

You may or may not have heard the term personalized advertising before, however you have most likely been served a personalized advertisement at some point. If you have conducted an online search for a particular product, and/or viewed that product on an e-commerce website, a laptop computer or tablet, you have probably noticed an advertisement for that same exact product, from the same seller, following you around the Internet from site to site for about a week or so.

The logic behind personalized ads, is that the increase in advertisement relevance should lead to a number of benefits including, more effective online display ads, less wasted advertising dollars, increased consumer satisfaction, and increased profits, just to name a few. Therefore, personalized advertising has the potential to benefit both consumers and firms alike. This has led to excitement regarding the huge potential that personalized advertising may hold. Hailed as a breakthrough because it will allow for the right person to receive the right ad at the right time, personalized advertising has even been touted as the savior of online display ads.

While personalized advertising seemingly holds great potential to transform online advertising and provide benefits to both marketers and consumers alike; consumer acceptance of the technique still remains a significant hurdle for personalized advertising to overcome.

One of the main issues concerning the lack of acceptance of personalized advertising involves the privacy concerns of consumers who do not yet seem comfortable with the immense levels of tracking, data collection and selling of consumer information that takes place in order to allow personalized advertising to happen. Recent studies by Pew Research reported that 68% of consumers were uneasy about personalized advertisements because they do not like their online activities tracked and analyzed, while 73% felt that it was an invasion of their privacy. In addition, there have also been concerns regarding consumer displeasure with personalized advertisements displayed on social networking sites (SNSs) that explicitly use information from a user's SNS profile in the ad, such as the name of a brand that the user has previously "liked" or "followed". In addition, SNS ads have also utilized information from users' SNS posts and previous browsing history of other websites to tailor advertisements. Finally, there also seems to be a thin line between personalization and invasiveness in advertising. For example, personalized advertisements may sometimes actually be too accurate or "over-personalized", meaning that the level of precision is too high, with the advertisement containing too much personal information about an individual to the point where the ad may be perceived as disturbing and almost "creepy".

Personalized advertising seems to be one of a number of online data collection issues under scrutiny right now, since recent breaches of online security systems due to fraud and/or hacking, have increased concerns over the safety and security of consumers' online personal and financial information. These concerns have led to calls for increased consumer privacy protections in a number of global regions including both the United States and European Union.

So where do you come down on personalized advertisements? Do you find them useful, relevant, annoying, an invasion of your privacy, or something else? Please share your thoughts in the comments section below.

*Image source: MyBuys, Inc., 2015, "Personalized Display Ads"

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