Perceived Personalization, Privacy Concern, e-WOM and Consumers’ Click Through Intention in Social Advertising

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ABSTRACT

Social advertising, ads in social media platforms, have become popular in recent years because of the evolution of internet technologies such as web analytics and big data mining. The content of the social advertisement is tailored in order to personalize the message to the target consumer groups. In an effort to reach the prospects, marketers should focus on the social leads on social networking sites (SNS) to promote and to sell their brands/products. Drawing on, online personalized advertising literature, e-WOM recommendations and increasing privacy concerns and perceived ad personalization (conceptualized as functions of psychological reactance) on SNS leads to avoid such advertisements. The goal of the study is to investigate the impact of perceived personalization, privacy concern, and e-WOM to consumers’ behavioral click through intentions towards social ads. This study contributed to the theory of psychological reactance by indicating that the individuals with less privacy concern and personalized recommendations from their contacts on SNS have a smaller amount of reactance towards social advertisements than commercial advertisements by marketers. Suggestions for advertisers, social media marketing practitioners conclude the paper.

KEYWORDS

Click On Intention, Perceived Personalization, Privacy Concern, Psychological Reactance, Recommendations, Social Advertising

INTRODUCTION

Social advertising (SA) on social networking sites has been considered to be further empowered by the internet technology and companies contemplate it as a potential tool in reaching and building more individual connections amongst brands and consumers (Obeidat et al., 2017; Gironda & Korgaonkar, 2018). In social advertising, the advertisers gather information about consumers’ peer networks and their affiliations with a brand, product, organization, etc., on social networking sites to highly personalize and target ads to contextualize their display. Consumers are increasingly relying on social networking sites (SNS) while discovering and purchasing products and services, which abet advertisers to design more targeted advertisements.

The content of the social ads entails user interactions’ and personal details (picture /name), that are properly agreed upon by the user to share on their pages (IAB, 2009). The SNS provides further assistance for the marketers with its massive consumer information source. For instance, geographic locations, browsing and search history, click through rates, demographics, psychographics, passions,

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and preferences (Tucker, 2014; Bleier & Eisenbeiss, 2015). Furthermore, this information helps marketers to predict future purchases and to design tailor-made the advertisements.

Companies associated with social media sites, advertising agencies and publishers to reach out to their prospective consumers’ in an effective way (Liu & Mattila, 2017). Moreover, these agencies use data mining techniques with complex targeting algorithms, to design and display a personalized commercial message or advertisement on SNS (Aguirre et al., 2015). Li and Shiu (2012) have explained SA as a recommendation system that enables users to share commercial information among their networks or friends in SNS.

According to CMO survey, the company’s investments on social media have been increased by 200 percent in past eight years with increased marketing budgets of 10.5 percent (CMO Survey, 2017). Tucker (2012) has stated that SA is more effective and have earned greater click-through rates than traditional advertising formats.

Much research in the context online marketing has focused on online-personalized advertisements. Research studies have stated that consumers perceive online-personalized ads are intrusive, coercive and annoying when the personalized content of the advert has intruded their privacy (Saegert, 1987; Stone, 2010; Aaker & Bruzzone, 1985; Edwards et al., 2002). The studies have stated that these intrusive personal advertisements have both positive and negative outcomes. The relative negative outcomes of intrusive ads are frustration (Meyers-Levy & Malaviya, 1999), negative attitude (Tsang et al., 2004), negative cognitions (Rains, 2013), anger (Dillard & Meijnders, 2002), ignoring or contradicting recommendations (Fitzsimons & Lehmann, 2004), feeling of outrage (Wang & Zuo, 2017), customer disengagement (Khuho et al., 2017) and positive outcomes are trust and commitment (Darpy & Prim-Allaz, 2009), attitude (Akestam et al., 2017), openness to information (Jalali, 2011) and click through intentions (CTI) (Chen et al., 2017).

Many studies have focused on the negative outcomes of personalized advertisements but very little research has been done on positive outcomes of personalized advertisements (Tsang et al., 2004; Xu, 2006; Bang & Wojdynski, 2016; Pappas et al., 2017; Bleier & Eisenbeiss, 2015a, 2015b; Chen, 2017; Gironda & Korgaonkar, 2018; Krafft et al., 2017). In addition, to our knowledge the studies on social advertisements are sparse (Li & Lien, 2009). Addressing the research gaps proposed by Baek and Morimoto (2012), and Lambrecht and Tucker (2013) we examine how the consumer perceptions’ such as privacy concern, perceived personalization and e-WOM influence consumers’ click through intentions towards social advertisements.

**LITERATURE REVIEW**

**Perceived Personalization**

Marketers have access to consumers’ personal information (demographics and psychographics) through web analytics and data mining techniques on SNS. This information helps them in designing mass customization and personalized ads in order to meet the consumers’ requirements (Vesanen and Raulas, 2006). Dissimilar to general internet sites, individuals in SNS are not only active with their social networks but also, they try to maintain privacy with various security features provided by the network provider. Therefore, it is essential for the advertisers to be sensitive while targeting consumers with social ads in this medium (Roberts, 2010; Vogt & Knapman, 2007).

Social advertising models are usually employed by Social networking platforms (such as Twitter, Tumblr, and Facebook) by displaying the promoted posts on users’ news feed (Aslay et al., 2017). After reviewing the literature, we developed a framework from the identified variables such as perceived personalization, privacy concern and recommendations (e-WOM) which motivates customer click through intention in social commerce. Unwanted personalized marketing communication messages/ advertisements may increase the sense of loss of control over their privacy in consumers’ mind.
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