The Effectiveness of Personalized Advertising

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The unique characteristics of the digital realm have a significant impact on how organizations portray messages to their audiences. With this in mind, communication professionals today can implement strategies far more advanced than traditional media methods. Advancements in technology allow communication professionals to their audience specific to demographics such as age, location, and interests. Since consumers have become immune to how organizations target audiences in today's realm, adding a personal effect to advertising can have a positive impact on how customers view the organization as a whole. Organizations need to understand the characteristics of their audience to determine what they are looking for out of the advertisement, even with the use of personalized advertising (Stiglbauer & Kovacs, 2019). Therefore, personalized advertising has become a great digital tool to maintain healthy relationships and engagement with the target audience.

To specify consumer needs individually, there has been a substantial increase in the amount of personalized advertising in today's digital world (Deng, Tan, Wang, & Pan, 2019). Therefore, it is essential to understand how effective these measures have been towards customer success journeys. When it comes to personalized advertising, there are multiple methods that organizations can use to declare how personalized they want their content to be. Increasing the use of personalized advertising allows organizations to build relationships with their customers and decreases the chances of target audiences avoiding the organizations' advertising methods (Baek & Morimoto, 2012). Organizations must have a strong understanding of the overall mechanisms of how personalized advertising works to be successful ultimately.

This research brief examines how different aspects of approaching personalized advertising can have a positive or negative effect on the audience as a whole. This research brief studies a wide variety of ages, from children as young as 6 to adults that have seen personalized advertising efforts from different organizations over some time. The findings from the results of this research brief will allow communication practitioners to gain insight into what methods of personalized advertising are most beneficial to consumers, and how they can overall amplify the efforts of their advertising strategies to meet these standards of personalization.

**Literature Review**

Personal advertising allows organizations to tailor their advertising efforts to each customer individually, but it is unclear if these efforts are useful or harmful towards their target audiences. This research brief will review the following primary research into three major themes: how personalized advertising leads to higher engagement levels, how higher levels of personalization in advertising are more effective than lower levels, and an organization’s knowledge of personalized advertising can affect how effective the advertising can be.

**Personalized Advertising Leads to Higher Engagement Levels**

Research shows that the use of personalized advertising in communication methods can lead to higher engagement levels with the target audience. These levels of engagement focus on how members of the target audience communicate and how they communicate with the organization. Privacy seems to be the main factor that determines whether consumers will engage with personalized advertising efforts. Catherine E. Tucker (2014) uses field experiment data from a non-profit organization to determine whether privacy control can alter the effectiveness of personalized advertising. The non-profit working with Tucker in this study focuses on giving underprivileged young women in Africa the chance to go to high school on scholarship (Tucker, C. E., 2014, p. 548). The study targets young women that are graduates from college and Facebook users who show interest in specific celebrities that have worked with the organization previously in the past. During this field experiment, coincidentally, Facebook announced that they put in new implications for privacy settings for Facebook users. Results show that customers are twice as likely to click on personalized advertising efforts when customers have perceived control over their privacy. (Tucker, C. E., 2014). Therefore, it is crucial to recognize that personalized advertising methods use personal information based on the user individually. Maintaining the privacy of information for these consumers is a top priority to them as individuals, let alone professionals, in order to maintain their brand presence in the online setting. Using accessible data for personalized advertising efforts is not intrusive on privacy for the audience because organizations are using the information they provide based on how they interact with specific organizations and interests on the internet as a whole. The intentions of using personalized advertising are not harmful and are only being used to correctly identify the audience to produce the best results possible for specific campaigns.

Walrave, Poels, Antheunis, Van den Broeck, and Van Noort also explore the use of personalized advertising efforts through Facebook in their 2018 study. Walrave et al. (2018) perform a qualitative study by showing 40 adolescent women between the ages of 14 and 18 different forms of advertisement through Facebook. The researchers then ask the participants to complete a survey on how the young women felt about the advertising methods, and researchers analyze this data to focus on brand engagement (Walrave et al., 2018, p. 606). The researchers use this data on a Likert-scale in order to organize their findings. The study confirms that personalized advertising can lead to higher brand engagement from the target audience (Walrave et al., 2018). Although researchers were not expecting these results, personalized advertising shows a positive relationship with brand engagement for consumers. This study confirms that personalized advertising efforts can lead to stronger relationships with consumers and even potential consumers. When members of the target audience promote positive engagement with an organization's brand, this can lead consumers to share this information with others, which can ultimately increase reach for the organization.

The use of artificial intelligence in personalized advertising can also show an increase in engagement, as shown from Deng, Tan, Wang, and Pan's 2019 study. Researchers exposed graduate students and faculty members from a University in China to system-generated and human-generated advertising efforts. After the exposure, participants completed a 12-question survey about how they felt about each type of advertising method (Deng, Tan, Wang, & Pan, 2019). Results show that system-generated advertising efforts can lead to higher click rates because it allows organizations to target a diverse set of consumers (Deng, Tan, Wang, & Pan, 2019). This study contributes to the idea that organizations must utilize the benefits that come with advancements in technology in order to reach their target audience appropriately. System-generated personalized advertising can also create a meaningful relationship between the customer and the organization at a faster rate. System-generated personalized advertising uses the same methods as human-generated advertising but in an organized manner. Since system-generated personalized advertising can gather information more quickly, organizations can increase the variety of whom they want to reach in their target audience. This method of personalized advertising can allow organizations to discover how different members of their target audience respond to different types of personalized advertising in order to ensure that each member of the target audience is maintaining high engagement levels with the organization. The previous research supports the idea that personalized advertising can lead to higher engagement levels in a variety of ways, whether that may be communication within the target audience or an increase in shares, reach, and click rates. All of these factors contribute to the fact that personalized advertising positively enhances how the target audience is communicating with organizations. By maintaining a strong relationship with the target audience through personalized advertising, organizations will be able to discover what the audience is looking for in an advertisement.

**Analysis/Recommendations**

As we learn from the research studies highlighted in the section of the literature review emphasizing how engagement levels increase with personalized advertising, there are multiple ways to classify engagement online. The findings from each study show that there are multiple ways to record engagement, such as video views, click rates, and Facebook shares. Therefore, communication professionals need to define what they consider success, whether it may be from one of those factors. Throughout each study, researchers confirm that there is a positive relationship between personalized advertising and engagement on multiple types of platforms. One thing to note when looking at these research studies is that the ages of these audiences are relatively young, ranging between high school-aged students and college-aged students. Therefore, communication professionals need to ensure that they have a strong understanding of who they are wanting to target when trying to use personalized advertising effectively. In order to improve the research in this situation, it would be beneficial for communication professionals to gauge how active their audience is on different social platforms and look into different types of research that identify if age plays a role in these engagement levels as well. It is crucial to make sure that the audience understands that private information is not being taken advantage of in personalized advertising and that most of the information used in personalized advertising is coming from what is already available on the internet. One can conclude from the research presented that there are only positive intentions of building relationships when looking into the use of personalized advertising.

**Higher Levels of Personalization in Advertising are More Effective than Lower Levels of Personalization**

When using personalized advertising methods, increasing the amount of personalization can lead the target audience to have more positive reactions to the advertisement. Some organizations may think that too much of a good thing is wrong; for instance, they choose to use low levels of personalization efforts in their advertising. Research shows that the audience feels more connected to higher levels of personalization, and advertisements are more unlikely to be avoided with the use of higher levels. Baek and Morimoto (2012) surveyed over 400 college students to determine which characteristics can lead to advertising avoidance. The researchers use four different types of personalized advertising efforts and assign them to the participants randomly (Baek & Morimoto, 2012). Once the study is over, the students complete an online survey to express how they feel towards personalized advertising and how that may affect how they interact with the organization's advertising efforts in the future. This study confirms that higher levels of personalized advertising directly relates to a decrease in ad avoidance (Baek & Morimoto, 2012). The researchers identify through this study that there are psychological aspects involved when it comes to how the target audience responds to personalized advertising. Findings of the study show that with higher levels of personalization efforts, the target audience becomes more trusting of the organization and its brand as a whole. By generating trust with the target audience, organizations can gain the ability to create relationships with the audience over time. It can be challenging to grab the attention of the target audience through advertising methods since most people receive hundreds of advertisements daily. Therefore, being able to decrease the likelihood of ad avoidance with the use of higher levels of personalization efforts is something that can benefit all communication professionals when it comes to advertising.

Researchers from the International Communication Association also perform a study to identify whether different types of consumers affect how effective personalized advertising methods can be. The researchers performed a study with 72 adolescent students between the ages of 14 and 16 to determine how highly personalized advertising efforts affect different types of consumers (International Communication Association, 2017). The researchers identify two types of consumers, which include promotion-focused and prevention-focused. Promotion-focused consumers prefer to see accomplishments for things they receive while prevention-focused consumers care the most about safety. The researchers analyze the data based on chronic self-regulatory focuses (International Communication Association, 2017, p. 8). Researchers can conclude from this data that promotion-focused consumers are more responsive to the use of higher levels of personalized advertising (International Communication Association, 2017). Therefore, what the results indicate is that using higher personalized efforts to target specific types of members in an organization's target audience can ultimately benefit the organization since specific customers rely more on this type of advertisement for purchasing products.

Different types of personality traits may also affect how well members of the target audience perceive personalized advertising. Researchers experiment over 130 undergraduate students to identify how narcissism affects what levels of personalized advertisement are most effective (International Communication Association, 2018). Researchers required the participants to read a news article that had personalized advertising on the side of the article for each participant individually. After the participants finished reading the article, the students took a survey on how they perceived the advertisement. Studies show that consumers that show narcissistic tendencies tend to respond and engage more with highly personalized advertising (International Communication Association, 2018). Although these results may be specific for narcissistic-like individuals, the researchers also examined how people that do not have narcissistic tendencies react to highly personalized advertising. To the surprise of the researchers, they also preferred the higher personalization.

**Analysis/Recommendations**

It is essential to recognize that having a strong understanding of the audience is a vital factor for personalized advertising, as concluded by the researchers studying how higher levels of personalized advertising are more effective than lower levels of personalized advertising. Each study confirms that higher personalization efforts have a positive impact on the audience, although each audience is different based on consumer wants and personality traits. There are going to be many different types of people in an organization's target audience. Although they may be in the target audience for a specific reason, each person individually may have different personality traits and may be different types of consumers. Therefore, personalized advertising efforts allow each individual to feel that they are building a relationship with the organization, which can lead to an increase in sales as well as promotion from current customers. Communication professionals need to have a solid understanding of their target audience, which means that they should be gathering as much data from their audience as they can. For example, if organizations can gather the birthdays of their customers, it would be ideal for organizations to send out individual advertisements to the audience for their birthdays. Therefore, it would be beneficial for communication professionals to build teams where individuals are analyzing how the target audience reacts to different types of advertisements based on a variety of external factors. One can conclude from the research that personalized advertising efforts can lead to positive results for any audience if presented in the right ways.

**Knowledge of Personalized Advertising can Ultimately Affect How Effective it can Be**

Personalized advertising is relatively new to consumers since these methods of advertising started in the 1990s. Therefore, this type of advertising may be unforeseen to older generations and expected from the younger generations that have grown up with technology. De Pauw, De Wolf, Hudders, and Cauberghe (2018) interview 60 children between the ages of 9 and 11 to understand their knowledge of personalized advertising efforts and how increasing their understanding of this advertisement tool affects the way they look at advertising. Researchers showed the children three different types of personalized advertising methods and how they can come into contact with these methods through different types of media. Once the children had a general understanding from the researchers as to how organizations can personalize what advertisements individuals can see, the researchers asked the children questions about what they thought about this idea. After explaining personalized advertising, children had a positive response to receiving personalized advertisements. (De Pauw et al., 2018). Many individuals claim that organizations should not target children in regard to personalized advertising but taking an educational standpoint and having children understand the methods used to develop personalized advertising can benefit both the organization and the children.

Li, Liu, and Hong (2019) surveyed over 200 adults to examine how the stability and extremity of preferences can affect the effectiveness of highly personalized advertisements. When the researchers talk about the extremity of preferences, they are referring to the amount of variety in preferences given to individuals in a single point of time (Li, Liu, & Hong, 2019, p. 411). Researchers base the answers from the participants on a 7-point Likert scale to measure the data in regard to each hypothesis. The study confirms that highly personalized messaging is more effective due to the direct relationship between personalization and intention. (Li, Liu, & Hong, 2019). Intention and personalization go hand-in-hand due to how these two factors relate to building a relationship. Therefore, by using higher levels of personalized advertising efforts, the target audience will be able to understand that the organization intends to build a community with its customers.

Due to advancements in technology, most consumers tend to expect the unexpected from organizations since the digital realm has created a wide variety of capabilities for personalized advertising as well as other forms of media. Stiglbauer and Kovacs (2019) examine how consumers react to personalized advertising based on their needs for uniqueness in the digital realm. Researchers gather around 250 Austrian and German University students to take part in the online questionnaire focusing on advertising (Stiglbauer and Kovacs, 2019, p.253). The researchers measured the results on a 10-point scale, and the questionnaire focused on four main themes in advertising, such as personal opinions on advertising and global opinions of advertising. Studies confirm that organizations must take into account the characteristics of their target audience, along with what they want out of an advertisement when using personalized advertising efforts. (Stiglbauer and Kovacs, 2019). This research confirms that the target audience for all organizations expects to receive the same type of advertising methods from organizations they use. When consumers see the same types of advertisements daily, they become more likely to avoid an increasing number of those advertisements. By using different measures, such as personalized advertising efforts, the target audience is less likely to avoid these advertisements since they are not the same as every other organization's advertising methods.

**Analysis/Recommendations**

There can be benefits and setbacks to organizations based on how well their target audiences understand the methods of personalized advertising and how they work. It seems that from the research above, as people have become more aware of how these processes work that they are expecting more out of these methods and want to see what organizations they care about are doing differently to set themselves apart from the ordinary. Therefore, communication professionals need to analyze their competitors to see what they are doing in order to maintain engagement with their target audience. A great way to stay unique and engaging with the target audience is through different trends that are happening in the social media realm. Social media trends have become a large part of advertising methods for some companies, and the ones who take advantage of these efforts first are usually very successful. Another takeaway for communication professionals is to emphasize the importance of variety to a target audience. As we learn from the previous research, there is a positive relationship between personalization and intention. Including a wide variety of personalized advertising efforts to the target audience can also show the target audience that the organization cares to make sure that they are providing engaging content to their audience. This action is of good intentions and will reflect positively on the company as a whole.

**Conclusion**

This research brief identifies how personalized advertising has an enormous impact on how consumers view organizations and their intentions as a whole. Increasing the usage of personalized advertising efforts in an organization's communication strategy can ultimately impact how the target audience interacts with their company. By using personalized advertising methods, organizations can use this tool as a way to start building relationships and communities based on their customers. Although consumers are in a target audience, this does not necessarily mean that they are all the same types of consumers and individuals. Therefore, personalized advertising methods can also allow organizations to reach different types of consumers specifically to meet their needs. The world is increasingly starting to understand how organizations gather information from consumers in order to create these advertising methods. Therefore, by staying up to date with what competitors and others are doing with the use of personalized advertising can also be of an advantage to an organization's success using personalized advertising. Communication professionals working within any type of organization should have a strong understanding of what type of personalized advertising methods are most appropriate for the intended audience. With that, communication professionals also need to understand how the use of these efforts can ultimately want customers to increase their engagement efforts throughout the customer journey. Overall, Organizations need to understand the underlying characteristics of their target audiences to ensure that personalized advertising efforts are the best fit for positive customer engagement outcomes.

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