

Why am I seeing this? The Impact of Information-Use Transparency on the Effectiveness of Personalized Advertising

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Abstract

Personalized advertisements allow advertisers to target individuals based on their personal information. While consumers may value the benefits provided by personalized content, such as reduced search costs, they can also react negatively when personalized advertisements uses data deemed as “too personal”, and engage in privacy-protective behavior. However, being transparent by providing information on the data source and usage may influence this trade-off. In an online experiment with 400 participants, we find that perceived personalization positively affects consumers’ intention to click when mediated by perceived personal relevance and negatively affects intention to click when mediated by perceived privacy intrusiveness. Failing to provide information-use transparency increases the negative effect of perceived privacy intrusiveness and thereby reduces intention to click. We derive theoretical and practical implications and provide avenues for future research.

Subject Areas: *Advertising, Electronic Commerce and Internet Marketing*

Track: Digital Marketing & Social Media