An Alternative View of Understanding the Effectiveness of Personalized Advertisements on Social Media

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Abstract

This paper has been written to assist researchers and practitioners to have an alternative view of investigating the effectiveness of personalized ads on social media. The current literature shows that consumers mostly have negative attitudes and perceptions towards social media advertising but on the other hand, few studies indicate that these ads are quite effective. The literature review, in this article, illustrates that relevance as a construct has not been given enough attention which possibly is the cause of the unclear conclusion about the role and usefulness of personalized ads, therefore, analysis is done on the relevance of personalized ads on social media. Henceforth, instead of relying on predetermined effectiveness measures, it is important to understand the role of relevance in the effectiveness of personalized social media ads (Proposition 1). Also, the literature indicates that there is an emotional experience that consumers go through that affects the way consumers respond to the personalized ads (Proposition 2). Furthermore, the analysis shows that the relevance of a personalized ad on social media is an antecedent of advertising value (Proposition 3).

Disciplinary: Business Management (Marketing & Digital Advertising), Information Technology (Social Media & Digital Communication).

1 Introduction

There is an upsurge in the usage of social media platforms by consumers which has attracted organizations to invest more in social media advertising (Alalwan, 2018). This evolution has also resulted in the modification of advertising strategies (Tran, 2017) and one of those strategies is
personalization. In advertising, personalization has been defined as “a communication strategy that aims to deliver customized messages to individual recipients based on their personal characteristics in order to maximize response” (Brinson et al., 2018).

Although considerable research has provided evidence on the effectiveness of these ads, the criteria of effectiveness were based on the researchers’ pre-determined metrics such as purchase intention, click-through rate (CTR), and customer engagement. However, consumers do not consider personalization as an effective strategy therefore consumers start avoiding these ads or do not notice these ads.

The contradictory findings in consumer attitude and perception towards personalized social media ads and the effectiveness of these ads indicate that the matter needs to be studied with greater detail. The purpose of the article is to point out the possible domains that have not been given enough attention to understand the effectiveness of personalized ads on social media and have a holistic understanding of consumers’ viewpoint of perceiving and responding to these ads.

In this conceptual paper, some propositions based on the analysis of the literature will be suggested that will help researchers and practitioners have a better understanding of the effectiveness of personalized social media ads.

### 2 Current Perspective of Personalized Advertising on Social Media

#### 2.1 Consumers’ Attitudes, Perceptions, and Responses towards Personalized Ads on Social Media

In social media advertising (SMA) research, attitude is indicated by consumers’ responses towards ad content on social media (Luna-Nevarez & Torres, 2015). Within advertising research, attitude is considered as a factor that precedes behaviour therefore consumer attitudes towards advertising affect the way they evaluate and respond to the content of the ad shown to them (Greyser & Bauer, 1966). Consumers form attitudes towards personalized ads on social media that affect their perceptions about a specific ad on social media or social media ads in general. These perceptions are taken forward by consumers and are applied to every future ad interaction on social media resulting in certain behavioural responses.

The overall attitude of consumers towards the personalized ads on social media cannot be identified as positive or negative because in literature the phenomena of attitude towards SMA itself have been investigated from different perspectives and have provided various findings (for further understanding, see Knoll (2015) for a review of empirical evidence of advertising in social media). The component of personalization in these ads increases expectations for consumers to face less clutter hence forming certain attitudes towards personalized ads and also increases expectations for companies to achieve higher ROI (Johnson, 2013) through consumers’ behavioural responses.
To understand consumer behavioural response, the concept of response will be categorized as positive and negative. Positive response causing ad acceptance and negative response causing ad avoidance or rejection. Studies indicate that consumers may respond to ads by accepting or avoiding personalized ads on social media depending upon the level of personalization and the level of intrusiveness of these ads (Gironda & Korgaonkar, 2018).

According to a survey, risk perceptions such as ad intrusiveness and sponsorship deceptiveness, result in ad avoidance (Youn & Shin, 2019). However, even if the targeted audience pays attention to the ad and has no consideration of perceptual defense, a growing concern is that consumers avoid the personalized social media ads as if these ads are irrelevant to them (Broeck et al., 2018).

On the other hand, some consumers have positive perceptions of personalized social media ads. In contrast to the findings discussed earlier about ad avoidance, there is research evidence that shows consumers’ reasoning on ads being intrusive and ads invading privacy. Consumers believe that since social media is free therefore they have to pay a price for it and that price is in the form of their information which is why some consumers accept and understand the process of personalizing the ad to target them individually (Kelly et al., 2010).

2.2 Personalized Advertising Effectiveness

Prior studies on social media advertising (SMA) and online advertising have depicted that the attitude of consumers toward SMA is one of the important determinants of ad effectiveness (Edwards et al., 2002; Tan et al., 2013). The effectiveness of social media ads has mainly (but not limited to) been investigated in the form of purchase intention, click-through rate, and customer engagement. The reliability and validity of each of these investigated outcomes and measures with respect to personalized ads will be discussed in this section.

Purchase intention has long been used as one of the measures of effective marketing practices. Alalwan (2018) designed a conceptual model for purchase intention, followed by an empirical investigation, using the key factors related to social media advertising that could predict purchase intention. These predictors consisted of performance expectancy, hedonic motivation, and habit along with interactivity, informativeness, and perceived relevance. The survey result indicated that except for habit, all other considered factors showed an impact on purchase intention (Alalwan, 2018). As performance expectancy is derived from perception and attitude towards social media ads (Chang et al., 2015), therefore it can be stated that positive attitude and perception lead to purchase intention.

However, Morwitz et al. (2007) found that the practice of using purchase intention as a construct can be held reliable and valid depending upon the type of product advertised, the level of product specificity communicated with the participants, the type of study, and the type of respondents. As such, a fluctuating correlation between purchase intention and actual purchasing is often observed in research inquiries.
Ad clicks are generally considered a measurement to find consumer responses and their general attitude towards SMA. Research shows that consumers’ general attitude towards social media advertising is an antecedent of ad clicks that can be considered as an evaluator of product evaluation and purchase intention (Zhang & Mao, 2016). However, on the basis of clicks, it cannot be assumed that consumers have positive attitudes or perceptions toward the ads shown to them. This is evident in the findings of a study conducted by (Försch & Haan, 2018) stating that approximately 80% of all ads are shown to only 20% of the consumers out of which only 2.2% click on at least one ad impression and in that 2.2% of users, 92.9% click once on the ad. Because most of the users access social media on their smartphones (Yonghwan et al., 2016), there is a possibility that one click on an ad is just a wrong touch on the touch screen. The likelihood of such error renders the click-through rate less reliable as a metric of an effective ad. Also, an advertiser getting an attractive CTR may unknowingly be under cyber-rigging (Fisher & Pappu, 2006). Advertisers relying just on CTR as a key performance indicator to evaluate the effectiveness of personalized ads on social media is questionable.

Customer engagement has been conceptualized in the literature as a multi-dimensional construct consisting of behavioural, cognitive, and affective engagement (Hinson et al., 2019). Major reasons why consumer brands are active on social media are for customer engagement and advertising (Ng, 2013) which is why customer engagement has often been considered as a predictor or a moderator of ad effectiveness by brands (Calder et al., 2016). Voorveld et al (2018) proposed and justified that engagement with ads on social media depends on how the ads are experienced by consumers.

The scale that is used to measure customer engagement considers engagement as a higher-order factor that is caused by experience therefore to understand and measure customer engagement, it is necessary to identify and measure experience within that context (Calder et al., 2016). As per the discussed literature, it can be concluded that researchers should capture consumer ad experiences in order to measure customers’ ad engagement, which is one of the predictors of ad effectiveness.

3 Overlooked Perspectives of Personalized Advertising on Social Media

3.1 Relevance of Personalized Advertisements on Social Media

As discussed in the preceding sections, researchers investigating personalized advertising on social media have focused primarily on the consumer attitudes (Boateng & Okoe, 2015a; Duffett, 2015b; Kamal & Chu, 2012), testing the already identified antecedents of advertising value (Arora & Agarwal, 2019; Hamouda, 2018; Kim et al., 2016) or checking the effectiveness of the ads (Lou & Koh, 2018) through impressions or purchase intention (Alalwan, 2018; Chu et al., 2013; Duffett, 2015a). The concept behind targeting and personalizing the ad is to lessen ad clutter for consumers (Rotfeld, 2006), to stand out as a brand, and to capture consumer attention (Monica & Balaş, 2014).
by providing the most relevant ad to consumers. However, this impression of personalized ads seems to be fading out as people have started relating ad avoidance with the relevance and credibility of these ads where ad avoidance can be a cause of prior perceived ad clutter (Kelly et al., 2010).

Consumers are more likely to get attached to the targeted ad if they find it to be more relevant and useful (Chang et al., 2015) so they develop a positive attitude towards it and respond favorably (Zeng et al., 2009). Previous studies investigated the attitude towards and perceived relevance of personalized ads on social media but provided conflicting results.

A study demonstrates that people find these ads play an important role in decision making and purchase intention (Duffett, 2015a) (Alalwan, 2018) whereas, there is also evidence that not many participants find personalized social media ads useful, meaningful, and likely to influence purchase intention (Baglione et al., 2017; Baglione & Tucci, 2019). Although consumers believe that targeting and personalizing ads on social media is an unethical practice by organizations especially in terms of privacy invasion but even with this risk involved, consumers don’t get any benefit from them as these ads are not tailored according to their needs (Arora & Agarwal, 2019; Baglione & Tucci, 2019; Jung, 2017).

Similarly, the content and context of the ad have a major contribution to the effectiveness of SMA as well. Li et al. (2014) state that the context of personalized ads on social media should not be ignored as the social context endorsement improves the effectiveness of these ads which are otherwise not perceived as relevant. Consumers’ engagement with the ads depends upon their engagement with the social media platform on which the ad is shown (Voorveld et al., 2018). The characteristics of the content in terms of informativeness, irritation, entertainment, and credibility has been tested for advertising value and showed a positive direct relationship (Hamouda, 2018) but focusing just on the targeting and personalizing characteristics of these ads may not be enough to evaluate the effectiveness of personalized ads as evidence shows that consumers don’t believe personalization increases the advertising value as consumers do not perceive these ads as personalized (Arora & Agarwal, 2019). Hence, a conclusion cannot be drawn from the existing studies considering the variation in the findings.

In Baglione et al. (2017) and Baglione and Tucci (2019) studies, when the consumers were asked about their perception of the relevance of personalized ads on social media, the results were not as favourable as they should have been considering the positive findings from the earlier discussed studies that evaluated the effectiveness of these ads in terms of CTR, purchase intention, customer engagement, or advertising value. In other words, from the firm’s perspective, these ads are effective which is why organizations prefer investing money on social media but from the consumer’s perspective, these ads are not conceived relevant. Therefore, researchers and organizations need to understand what happens between the ad impression and consumer behavioural response. Hence, understanding how the consumer experiences this particular touchpoint is the gap that should be investigated for a better evaluation of ad effectiveness.
Consumers are overwhelmed with information these days and the irrelevance of any information such as ads can easily make them dismiss the ad and the brand too which is not a desirable situation for the organizations. The quantitative analysis of this paper review shows that not much work has been specified to understand the role of relevance as a construct in relation to investigating personalized advertisements on social media. The importance of relevance of personalized social media ads and understanding why people accept or reject these ads have also been stated as future research agenda in recent conceptual papers (Boerman et al., 2017; Knoll, 2015; Thompkins, 2019) and has also been stated as an important topic to be extensively explored (Knoll, 2015; Tran, 2017; Zhang & Mao, 2016).

**Proposition 1:** Relevance is an important construct in the effectiveness of personalized ads

### 3.2 Emotional Experience of Personalized Social Media Advertisements

Ads have personalities and emotional profiles to which targeted consumers respond and tend to form preferences based on the elements such as liking, feeling, and emotions prompted by the advertisement or familiarity triggered by mere exposure to the advertisement (Batra & Ray, 1986; Holbrook et al., 1987). An effective ad is the one that engages consumers in thinking and feeling about the offer (Zhang & Mao, 2016) i.e. the one that engages consumers in an experience before they respond to that offer.

Research shows that integral emotions, such as emotions cued by the ads, influence consumers' emotional responses towards those ads i.e. emotions associated with happiness, satisfaction, energetic feeling, tense or nervous feeling leading to user acceptance and purchase intention. Evidence of this notion by Chang (2014) illustrates that guilt-induced ads have a larger effect on donation intentions. However, the discrete emotional response can also be in relation to the consumer personality and situation such as incidental feelings of loneliness that may reduce the impact of negative emotional appeal on donation intention (Choi et al., 2016). Therefore it is essential to explore discrete emotions in consumer responses engraved in the experiences of personalized ads on social media.

Considering that emotional response acts as a mediator between ad itself and attitude towards the ad (Bagozzi et al., 1999; Holbrook et al., 1987), it is worthwhile to state that consumers go through emotional experiences after the ads are exposed to them and more importantly noticed by them. Research also shows that consumers’ emotional experience affects their behaviour (Isen & Means, 1983) and can be a major source of motivation in the purchase of products (Mizerski & White, 1986).

In the current scenario, the relevance of an ad, which is the main focus of this paper, is an appraisal that may affect emotions causing attitude formation leading to a certain behavioural response. To further understand this statement, consider a scenario of when personalized ads on social media are perceived to be annoying and intrusive (Johnson, 2013) there must be some arousal of emotions which, in this case, can be anger or fear, and that emotion of fear evoked by a
high level of personalization in ads lead to an unfavourable behavioural response such as installation of ad blockers (Brinson et al., 2018). It is necessary to investigate how relevance and the irrelevance of an ad evoke respective emotions in consumers and how consumers respond to those ads because of these evoked emotions. This concept will help researchers and practitioners understand the actual actions consumers take when there is an arousal of emotions in response to the perceived relevance of personalized social media ads instead of testing pre-determined outcomes. Poels and Dewitte (2019) have also stressed the importance of investigating consumer discrete emotional responses and metrics used by firms in a digital advertising context.

**Proposition 2: Emotions evoked while experiencing personalized social media ads affect consumer responses towards ads**

### 3.3 Relevance and Antecedent of Advertising Value

Advertising value is defined as consumer perception and evaluation of the worth or usefulness of an ad to them (Ducoffe, 1995). The effectiveness of personalized social media ads is therefore also evaluated by consumers’ perceived ad value that forms consumer attitude towards advertising that may lead to consumer response (Hamouda, 2018).

Personalized ads on social media have the characteristics of being customized based on the exclusive preferences of an individual (Shanahan et al., 2019). This is achieved by personalizing the content of the ad (Tsang et al., 2004-5) that helps consumers in decision making and leads to favourable consumer responses (Chen & Hsieh, 2012). However, this phenomenon was not supported by the studies conducted by Hassan et al. (2013) and Arora and Agarwal (2019) that tested personalization as an antecedent of SMA value that leads to attitude formation. The sample group of respondents in their study did not feel that the advertising content was tailored according to users’ needs.

![Figure 1: Extension of Ducoffe's Model.](http://TuEngr.com)

It is essential to explore the reasons “why” consumers perceive ads to be or not to be tailored according to their needs. Effective personalized ads are those that are perceived relevant by consumers resulting in the formation of positive attitudes and favourable responses towards these ads (Zeng et al., 2009). Relevance is an important determinant in studying SMA or personalized advertising as it has a significant contribution to personalized advertisements and it plays a key role in improving the advertising value. Irrelevance results in the decrease in advertising value causing the formation of a negative attitude towards ads in general; which eventually results in a
negative perception towards a specific ad in a different context. Therefore, in Figure 1, I propose an additional antecedent, ‘relevance’, in Ducoffe’s advertising value model leading to consumer response, a construct proposed by Hamouda (2018) as an extension to Ducoffe’s model.

**Proposition 3**: Relevance of a personalized ad on social media is an antecedent of advertising value.

4 Conclusion

There is a contradiction in how the effectiveness of personalized ads on social media has been assessed due to the pre-determined criterion. The researchers and practitioners need to understand the importance of relevance as an important construct to measure the effectiveness of the personalized ad and also understand whether there is any role of emotions involved in this experience that affects consumer responses.

The importance of relevance of personalized social media ads and understanding why people accept or reject these ads have also been stated as future research agenda in recent conceptual papers (Boerman et al., 2017; Knoll, 2015; Thompkins, 2019) and has also been stated as an important topic to be extensively explored (Knoll, 2015; Tran, 2017; Zhang & Mao, 2016). The propositions will provide the actual reasons for consumer acceptance or rejection of personalized advertisements, unlike previous studies where the focus was just to test consumer acceptance, rejection, or effectiveness of personalized ads on social media. Managers will also benefit from this paper by recognizing the importance of altering the lens through which they have been looking and dealing with personalized advertisements on social media.

5 Availability of Data and Material

All information is included in this study.

6 References


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