

# The effectiveness of Advertising Personalization: a consumers' psychology perspective

Dr. Hisham Nagy Abdel Monem

Lecturer, Graphics and Media Arts Department  
Faculty of Art and Design, October University for modern sciences and Arts, MSA.

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## Abstract:

Advertising has always been associated with people, making an impact on their behavior and the way they think, in addition to shaping perceptions and changing lifestyle. Informing, affecting, entertaining or persuading were the objectives of Advertising.

In today's digital world, Information technology changed the game. Imposing new channels and different contents, where high quality components, reachability and interactivity affecting the advertising process in general. The ability to communicate on a mental, sensual and emotional level, 24/7 and above all the instant feedback makes people insights the core of this process. Understanding people became crucial for advertising effectiveness, and the only criterion for its success. It is getting deeper and more centered on human psychology to understand believes, motives and insights.

Research problem: People more than ever exposed to a huge number of advertising messages, affecting advertising negatively. Information technology and big data offered new tools. "Advertising personalization" considered one of the newest paradigms.

Purpose: This research investigates the effect of personalization on advertising effectiveness. Through a psychological perspective based on measuring consumer's attitudes toward personalized advertising and behavioral intention for interacting with it.

Methodology: Mixed study; quantitative/quantitative research is adopted using online surveys, to explore consumer's feedback towards personalized advertising. In addition to a focus group experiment to conclude the effectiveness through observing the level of interactivity.

**Findings:** Although, people still concern about their own privacy, more than 64% perceive personalized advertising in a positive way, which generate the desired intention to interact with it. Depending on personalized advertising content, in general, the research proves it is able to increase advertising effectiveness. More empirical studies needed to investigate the personalized advertising effectiveness towards increasing market share, as interaction in this research included only checking, viewing, liking and sharing.

## 1. INTRODUCTION

The urge to Advertising personalization is the great extent driven by the expected advantages of one to one marketing and customer relationship management. Marketers try to meet customers' expectations and prevent spam reactions. Communication technologies and information Development provide new opportunities not only to collect data but to analyze it. However, every facet is particularly designed through the basic principles of human psychology to generate the needed reaction or consumer response. This makes consumer psychology principles a main tool for successful advertising.

In an age of technology empowered mass customization, consumers progressively expect to put their own characteristics on the things they purchase and the brands they want. Marketers considered personalization nowadays as the new paradigm. Creative ideas and attractive images are no longer enough as an advertising strategy, the irrelevant ads are the result for one size fits all. However, with advanced and big data technology, brands now are able to target specific customers using more relevant ads, communicate and create the needed reactions more effectively.

Emarsys (2019) and Quick (2018) agreed that reducing the time for search, through the web pages, keywords or even marketplaces could be the main benefit for consumers from advertising personalization. Emarsys added that personalization became the model that is revolutionizing both marketing, advertising and consumer in contemporary advanced technology. It necessitates us to be more tactical about the customer data we are collecting, to use it in sharing our inspirations with customers in allied, relevant and meaningful ways.

This paper presents an exploration of how some of the consumers' psychological aspects are applied to help give personalized advertising an edge in today's communication campaigns. The goal is to provide a brief

introduction to human psychological techniques and to show how they could be adapted to help to increase the effectiveness of advertising personalization.

## 2. LITERATURE REVIEW:

Baum (2017) Referred to Personalization during the current decade, as a dominant strategy in the world of business. He added that personalization became important for almost 94% not only for marketers, but also for consumer as well. New research agreed that not less than 80% of people are more expected to react positively because of personal experience. While Stephan Serrano (2019) mentioned an Ever gage study shows that not less than 96% of marketers today considered personalization as an effective tool to build a relationship with the targeted consumer. Clever plugins (2019) considered personalization as 2020's game because it allows advertisers to be more precisely into the needs of the person. Understanding target market and narrowing down ideal consumers through psychological perspective is the core of effective advertising (Spence, 2016).

Vesanen (2007) stated that personalization is an old phenomenon and it is different from the modern concept and usage of Modern personalization. Communicating with people on an unconscious mind is more critical for brand engagement and effective marketing, especially in the smart technology age where Consumers' minds are more distracted.

### The age of 'Big Data':

Matz and Netzer (2017) considered "Big Data" as a strategic marketing tool that impacted research and practice, through translating information into valuable insights regarding psychological aspects. Ellis (2019) also agreed that personalization became one of the most effective trends now.

Keane (2019) stated that quality data is not enough if it is not used in an appropriate way for Creating personalized experiences. Technology and consumer data could be combined to create a personalized message, ad or experiences in more creative techniques than ever. Following clicked links, survey reactions, consumption history is crucial for creating more customer-based tactic to target specific needed people at the right time. Geo fencing provides a perfect time schedule for targeting specific users according to their locations. This allows sending personalized ads considering keyword search, interests, timing and location. (financeonline, 2019). Compu- mail (2019) added

Consumer’s way of thinking which is related also to psychology enhances creating a better advertising. According to finance online website:

- 63% of users find generic advertising annoying
  - 59% of users agreed that their purchase decisions could be affected by personalization.
  - 80% Support business that provides experiences on a personal level.
- Finance online website predicting by 2020 that
- 51% of users expect more relevant suggestions.
  - 90% of people believe personalization is interesting.
  - Personalized messages are effective 3 times.
  - Display advertising also could benefit from active content and personalization

In 2014, Coke released “Share A Coke” campaign. The campaign aimed to reach out to teens and young adults, they launched bottles with 250 of the most common names of the generation. It then extended in terms of compliment, nicknames, relationships. In addition to the ability to customize a bottle. Now, there are over 800 names covering 77% of the U.S. aged 13-34. (Baum, 2017)

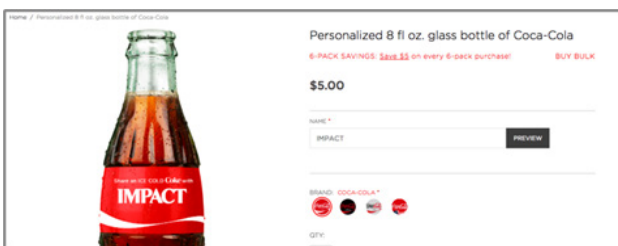


Fig. (1) a personalized advertising for Coca Cola, “Share A Coke” campaign, worldwide 2014

In Egypt, according to Ogilvy and Mather and Press reader (2014), Youssef Ayoub (senior brand manager at Coca Cola company in Egypt) stated that the campaign targeted Millennials. He agreed that people across Egypt posted via different media similar to the what happened across other countries.



Fig. (2) a personalized advertising for Coca Cola, “Share A Coke” Egypt campaign 2014

Think Marketing (2017) described Coca Cola’s campaign as a bold attempt crazy for good as usual. As people’s names continued with an over 1000 names gaining strong social media following and engagement. On the other hand, a great success for Coca Cola’s video which started as a touristic campaign and then grew bigger. As one of the greatest global brands and one of the most aged, Coca Cola’s advertising team didn’t hesitate to replace its logo with an Egyptian city name, with the well-known red color and white text, consumers have no problem in recognizing the brand. <https://youtu.be/737NOuZx9TE>



Fig. (3) a personalized advertising for Coca Cola, Egypt campaign 2017

In the light of Facebook’s successful personalized video, Cadbury decided to make their unique version, by using the consumers’ individual tastes in chocolate, instead of a flashback of their previous year through the brand. The campaign that

launched in Australia, used clients' information from their Facebook profile, such as interest, age, and location to match them with a flavor of Dairy Milk. In addition to, a video including their personal data and pictures being generated automatically, upon the client's agreement to link with the brand. The campaign demonstrated the value of the personal touch by gaining a click-through rate of 65% and a conversation rate of 33.6%. (Keane, 2019)

In agreement with Keane (2019), Marco (2015) added that, eventually, the most vital way to utilize the personalized video is by is not by giving the customer what the brand would like them to have, but by offering them something they would want. Moreover, you can reinforce the bond between the customer and the brand for long term outcomes, through letting the customer to find a personal motive to drive them towards contributing by providing them content that brings them interest.

[https://www.youtube.com/watch?time\\_continue=49&v=yrxOOK-U4Uw&feature=emb\\_logo](https://www.youtube.com/watch?time_continue=49&v=yrxOOK-U4Uw&feature=emb_logo)



Fig. (4) a personalized advertising for Cadbury, Mother day, worldwide campaign

Key deliberations when making personalized campaigns: (Keane, 2019)

- a) Identify the target audience by using simple demographics to gather information about internet behaviors, interests, attitudes, and perceptions.
- b) Create genuine facades of your target groups that are data-driven and individualize the communication method for each.
- c) Use active content to individualize consumer experience centered around their interests and browsing behaviors.
- d) Figure out the audience's social platform preferences, the time they are more expected to be online and the type of content they like to involve with.
- e) Taking into consideration the device possession and

usage to know what, where and how to adjust.

### 3. THEORETICAL FRAMEWORK:

#### The Importance of personalization:

Keane (2019) conveniently talked about personalization benefits and its effectiveness in providing positive user experience. By helping consumers to save effort and time, which in turn enhances brand loyalty. Doty (2019) explained how consumers are able to recognize the benefit from personalization by providing what they need exactly and communicate according to their interests. He added that 90% of consumers were annoyed from relevant messages and ads, while 53% considered them as the most annoying messages. Rund (2018) stated 4 key areas to generate benefit and enhance performance. He mentioned reachability and recognition could enrich brand interaction with the right consumers, especially across their personal devices.

Nakhil (2017) stated that almost 75% of consumers are expecting personalization. She added that collecting information based on consumer mobile usage, digital applications and online banking about their purchase pattern and history could provide advertising a quality Personalization based on real consumer characteristics. The rapidly increasing on mobile device dependency will allow brands to build a successful personalized relationship with their target consumers.

#### Advertising effectiveness

Philip Kotler and Armstrong in their book (the Gurus of Marketing) considered communication effect and sales effect as the most common scales for measuring advertising effectiveness

According to Management study guide communication Effect includes 3 types of research:

- Direct Rating Method – where the viewers are asked directly to rate the advertisement
- Portfolio Tests - where the viewers are ads to remember and recall the ad and the contents.
- Laboratory tests - where, blood pressure, heart rates or/and perspiration are measured during watching the ad depending on viewer's physiological reactions.

#### Psychological approach:

Its purpose is to recognize the impact of advertising at both individual or group-level to figure out the relation between motivations and consumer reactions. The first one to work on Psychological approach is Walter



Scott in 1904 in his published paper The Psychology of Advertising.

According to Freud's "psychoanalytic theory of personality" individuals are on a very basic level unreasonable creature. He counted power, sex and security as the most dominant motives for human behavior. Edward Barnays who labelled as "Father of Public Relations" adopted Freud's idea confirming that emotion is an impactful tool for consumers' persuasion.

Behavioral experts and Neuromarketers in addition to psychologists agreed that people are driven basically by their unconscious mind. The swift judgments about products and brand effect immediately the conscious mind to guide for the appropriate way to behave, especially when it is related to the senses and help to accomplish happiness. At this point the conscious mind engages and interact. (McMurtry,2013)

Cherry (2019) explained the Consumer psychology as the area that concerns with human beliefs, perceptions and feelings which able to affect his behavior and his feelings towards a certain brand aiming to satisfy his needs. It is about investigating to deeply understand the decision-making process, and the core of social persuasion, and all psychological motivations that effect purchase a specific product or like a certain brand and not others. Starting with the basic theory about is human needs, wants, attitudes and interests, and then how personality, thinking and culture influence his behavior. Successful marketing strategy is far from the sophistication and complication. It focuses simply on satisfying consumer needs.

#### The Privacy Balance:

Glint (2019) believed that advertisements concentrate on arrogance attractiveness depending on the consumer's logic of well-being, satisfaction, significance and relevance. This could be noticed clearly through some slogans such as: "the latest and greatest," or "you deserve," especially in fashion and luxury products. According to Doty (2019) 51% at least of marketers believe that a balance between privacy and personalization is crucial.

#### 4.METHODOLOGY

A qualitative study is conducted targeted a sample of 64 Egyptian people (42 male/ 22 female) (focus group) aged between 18 and 47, these people are asked to watch a certain video to be able to answer questions

for marketing purpose. A digital survey (emailed) took place after 2 days of watching the given video.

The 64 participants have been divided into 3 different groups, an open discussion started spontaneously between the participants explaining their thoughts and concerns about personalization and the privacy during the first session. Some notes were taken as observations.

Li and Unger (2012) agreed that reducing information overload through personalization applications to add value. Their research suggested that personalization quality can compensate the effect of privacy concerns under certain circumstances.

However, A past privacy invasion experience could be extremely negative towards personalization usage. On the other hand, their study showed the potential to pay for a service to who likely use online personalization. Their finding highlighted, the opportunity to depend on high-quality personalization despite privacy concerns.

All participants were asked to provide their basic personal data (name, age, gender). During watching each person found 5 different popup ads for

- Non-personalized ad for mobile devices and accessories (animated banner)



- A personalized ad, ex: (Hey, Ahmed would you like to spend ...) for vacation in stunning place. (animated banner)
- Non-personalized Fast-food offer, 50% off if ordering immediately (20 sec video ad showing a delicious sandwich, fries and iced cola).





A personalized popped up asking the participant to check a given link to watch the latest song for his favorite singer.



### Measuring effectiveness:

According to the Association of Magazine Media, companies can measure the effectiveness of their advertising by comparing results against objectives and by calculating the return on investment.

Basu (2020) mentioned the “return on objective” as a criterion to measure the change in consumer behavior, through tracking awareness; memorability and the ability to recall the ad. On the other hand, he considered consumer interaction (clicks, website visits or social media likes, shares and conversations about the ad) as indicator for measuring ad effectiveness. Arbitron (2009) also agreed that ads effectiveness could be evaluated through recognition and memorability.

Cathrine V. Jansson-Boyd (2010) stated in her book consumer psychology that Advertising effectiveness relies upon consumers’ attention. Through the open discussion session likeability was concluded as a factor measuring effectiveness.

Accordingly, the emailed digital survey focused on measuring attraction, recognition, memorability and likeability to be able to figure out the effect of these factors on personalized and non-personalized ads.

### Hypothesis:

H1: Personalization could be an impactful tool to enhance Advertising effectiveness.

H2: Consumer psychology could clarify the attitudes toward a certain ad and provides a perspective that increase advertising effectiveness.

Table (1) The effect of Personalization on Advertising Attraction, Recognition, Memorability and Likability

ad	A	B	C	D	E
Personalized/non	Not personalized	Personalized	Not personalized	Personalized	Personalized
Category	Mobile devices	Vacation offer	Fast food offers	Technological products	new song
Attraction	23	64	63	58	47
Recognition	21	57	50	57	35
Memorability	17	64	34	58	47
Likability	----	2	30	50	7

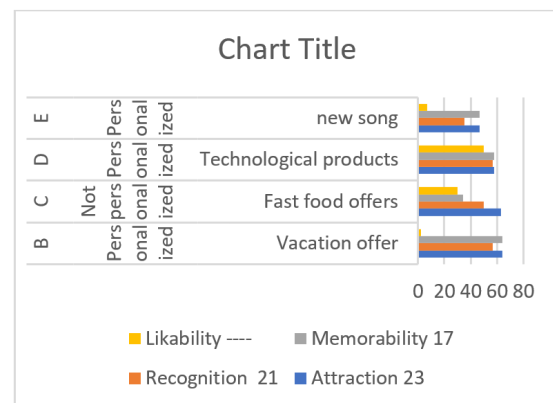
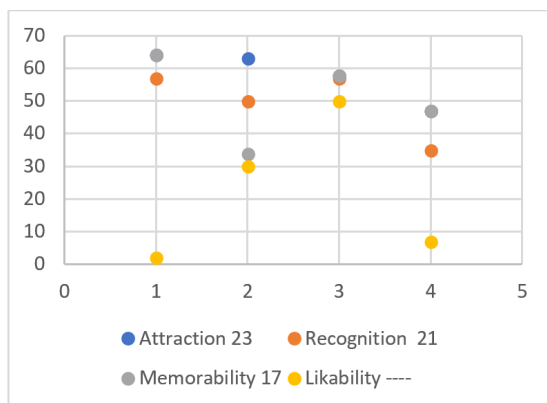


Table (2) Charts showing the effect of personalized ads vs non-personalized one on advertising effectiveness

## 5. FINDINGS AND DISCUSSION:

Through observation 92% of participants smiled for reading their own names in ad (B), while 53% smiled for (D) and 18% only for (E). The surprise of being mentioned in person was positive, but its impact faded when repeated. Through the open discussions we can clearly notice that most of participants didn't get offended for using their names as they just provide their basic personal data, some mentioned that they don't like receiving personalized ads when they didn't add their personal data, they considered this as encroaching upon privacy.

On the other hand, only 9% checked the link given within ad (B) ad, also 9% for (C), 18% for (D) and 25% (E). According to discussions; participants checked links according to their needs, interests and entertainment links for the younger ones. Presenting food ads for a hungry person or technological devices for someone who is interesting in and of course offering to watch the latest song for a favorite singer for free could be powerful motives for interaction and likeability depending on mood, needs and interests.

Few participants mentioned that they were concentrating upon the mission they were asked to do, so, they didn't consider checking ads an option, they also found ads annoying and interrupting.

Gender has no noticed impact on advertising personalization effectiveness, while age, needs and interests have. The study proved that personalization is positively impactful towards advertising effectiveness according to consumer age, needs, interests. Attraction, Recognition, Memorability and Likability increase when message delivered directly and personalized. The timing and the context affect the interaction of participants toward the ads.

1: Personalization has the power to build a meaningful connection between the consumer and the brand/product through direct emotional message, as ones feel that the ad is authentically designed especially for him, which enhances advertising effectiveness because personalized ads boost consumer attention and improve memorability.

2: Understanding consumer psychology; needs, motives, and perception can explain and predict the consumer's attitudes toward a certain ad and could provide a framework that contribute and enhance advertising effectiveness. Likeability could be built through offering exactly what a one need at the time and interactiv-

ity could be boosted through understanding interests.

## 6. CONCLUSIONS:

People tend to accept using their personal data in advertising when they think that they are able to control their own data and privacy, accordingly, they perceived personalized ads as positive approach, while they didn't feel comfortable when they found ad messages targeting them by names when they didn't provide their own names.

Increasing Advertising Personalization effectiveness should consider giving the consumer the lead to choose whether to add his data or not. Mentioning consumer's name could be effective but repeating it decreases its impact. Targeting consumers according to their needs or interests is more effective than just mentioning names.

Timing and context that enable consumer to choose whether to check ads or not increase the interaction toward these ads.

Personalization in general is directly proportional to (Attraction and memorability) but it is not able to increase consumer's interest.

Personalization could increase advertising recognition and likability but it could be able to increase advertising effectiveness if it considered consumer's needs and interest. Consumer's psychology is an impactful approach for advertising personalization effectiveness.

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#### VIDEO LINKS

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<https://www.youtube.com/watch?v=VnBqGEL6baw>