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Bachelor Thesis

Why even bother?
Exploring consumer perceived risks and benefits of online personalized advertisements

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Abstract

The use of online personalized advertisements has drawn attention among firms, in efforts of acquiring and maintaining competitive advantage. By collecting individual consumer information, firms are able to personalize advertisements to specific individuals in online contexts.

The collection and use of individuals' personal information have given rise to privacy concerns among consumers. However, contemporary research displays disparate conclusions regarding the extent to which these privacy concerns influence the effectiveness of online personalized advertisements. In order to provide insights regarding this discrepancy, this study explored the theoretical foundations of consumer perceived benefits and risks, upon which contemporary research was based.

Two focus groups were conducted to explore how consumers perceive benefits and risks of online personalized advertisements. Using pattern matching, the interpretation of the empirically gathered material implied that consumer perceived benefits, in form of perceived relevance, appears to be insufficient in appealing to the interests and preferences of consumers. Instead, consumers' perceptions of relevance appear to be dependent on several elements.

Furthermore, the findings imply that consumers are aware of the risks through personal information disclosure, yet appear to be unconcerned by them. Instead, consumers seem to possess a sense of hopelessness in online environments, that attempts to restrict the availability of their personal information are pointless.

Keywords

Online personalized advertisements; Privacy concerns; Perceived benefits; Perceived risks; Consumer perspective.

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1 Introduction

1.1 Background

In order to more effectively acquire and maintain competitive advantage, firms and companies have progressively been shifting their resources to dynamic, online personalized advertisements, from generic, i.e. non-consumer specific or mass-targeted (Bleier & Eisenbeiss, 2015). These online personalized advertisements are made possible through the utilization of extensive consumer data accumulated from a wide array of data collection platforms (Aguirre, Mahr, Grewal, de Ruyter & Wetzels, 2015), and refer to advertisements which have been customized, individualized, or profiled towards a specific consumer in an online context (Köster, Rüth, Hamborg & Kaspar, 2015). Baek and Morimoto (2012) discuss the concept of personalization in online contexts, stating that it consists of a broad scope of communication strategies and activities whose objective is to, on an individual level, target and customize exclusive offers and promotions. Similarly, according to Maslowska, Smit and van den Putte (2016), personalization generally encompasses communication strategies which involve "incorporating elements in messages that refer to each individual recipient and are based on the recipient's personal characteristics, such as name, gender, residence, occupation and past behaviors" (p. 74). Furthermore, as data collection methods and tools of analysis have progressed, so has the range of personal characteristics, having come to include "online activities, interests, preferences, and/or communications over time and across websites" of specific individuals (Zhu & Chang, 2016, p. 442). In other words, marketers try to present the offer in such a way that it is personalized to the individual consumer (Baek & Morimoto, 2012).

The practice of personalizing advertisements has proved a superiority over the generic antecedents of advertising (Baek & Morimoto, 2012; Tucker, 2014; Wang, Yang, Chen & Zhang, 2015). Tucker (2014) discusses among other things that online personalized advertisements might facilitate a positive increase in consumers' appeal and interest towards the advertisement, and Baek and Morimoto (2012) furthermore express that these advertisements simplify the processes of gathering and analysing measurable responses in communication campaigns. Online personalized advertisements are perceived by consumers to be more accurate, meaning that there has been an increased impact on consumers, after having presented offers in personalized versions to specific individuals (Baek & Morimoto, 2012). Wang et al. (2015) present a rationale regarding

the advantages of online personalized advertisements, from both an advertiser perspective and a consumer perspective. Advertisers can expect increased revenue through targeting consumers with greater willingness to purchase, and consumers are able to more efficiently locate advertisements, and thus products or services, which are of greater relevance and interest to them. In this process, online personalized advertising is capable of increasing revenue per advertisement by 2.68 times compared to generic advertisements (Wang et al., 2015).

1.2 Problem Discussion

The recent upsurge of online personalized advertisements as a key communication strategy for advertisers is an area of considerable industry and academic interest (Aguirre et al., 2015; Baek & Morimoto, 2012; Bleier & Eisenbeiss, 2015; Jay & Cude, 2009; Kim & Huh, 2017; Wang et al., 2015). However, despite this upsurge, few academic researchers have examined consumer responses to it (Jay & Cude, 2009). While there have been reports on disadvantages for advertisers using online personalized advertisements (Wang et al., 2015), the most controversial research concerns a consumer-specific disadvantage, a response in form of privacy concerns. Wang et al. (2015) refer to the findings of a survey on Americans' use of internet which state that 68% of 1729 participants expressed disapproval of online personalized advertising because of the use of one's personal information, i.e. having their behaviour tracked and analysed. The survey also showed that 73% of 802 participants were displeased with search engines keeping track of one's searches and using that information to personalize future search results (Purcell, Brenner & Raine, 2012). Wang et al. (2015) explain that the privacy concerns that consumers have stem from the intense and aggressive way that marketers track one's online behaviour to collect information such as hobbies and desires. The information collected can also be far more personal and sensitive than that; for example, if an individual is searching for a specific kind of medicine, it is likely that the user may have diseases related to their search. Wang et al. (2015) suggest that such information should be private to the individual user, and not for sale to marketers. Consumers also raise concerns about the fact that marketers which use online personalized advertising seldom disclose how the information about the individuals is obtained, making consumers experience vulnerability, or the sense of being constantly observed and tracked (Rapp, Hill, Gaines & Wilson, 2009; Wang et al., 2015). This has practical implications on the approaches

of marketers and advertisers, motivating them to find ways which can mitigate these effects. Despite this, the utilisation of online personalized advertisements continues to grow (Bleier & Eisenbeiss, 2015), as does investments in its use and subsequent return on investments (Wang et al., 2015). This suggests that consumers may not be as influenced by privacy concerns as reported by prior studies. Moreover, there exists evidence suggesting that consumers can hold privacy concerns and still acknowledge and use the benefits provided through online personalized advertisements (Bleier & Eisenbeiss, 2015).

Research on privacy concerns in relation to online personalized advertisements has explored it primarily to see its influence on company or business related matters (Aguirre et al., 2015; Baek & Morimoto, 2012; Maslowska, Smit & van den Putte, 2016; Tucker, 2014; Wang et al, 2015; Zhu & Chang, 2016). Commonly, these matters entail the effectiveness of online personalized advertisements, which has been referred to as click-through rates, i.e. the chance of users who see an advertisement actually click on it, behavioural and attitudinal responses, and organizational indicators from the perspective of businesses (Aguirre et al., 2015; Kim & Huh, 2017; Tucker, 2014; Wang et al, 2015). Aguirre et al. (2015) for instance, focus on the paradoxical situation in which consumers experience increased benefits through personalization, yet may also experience an increase in sense of vulnerability through it, ultimately influencing the effectiveness of online personalized advertisements. Tucker (2014) instead investigated how the perceptions of control over personal information among internet users affect subsequent click-through rates. Both these studies are thus concerned with the influence that consumers' perceptions have on the effectiveness of online personalized advertisements. Comparable studies have researched the effects of perceived relevance of an online personalized advertisement and its role in mitigating privacy concerns (Maslowska, Smit & van den Putte, 2016; Zhu & Chang, 2016), the conceptualization of theoretical frameworks for privacy in targeted advertising (Wang et al., 2015), and reasons for why consumers might attempt to avoid online personalized advertising (Baek & Morimoto, 2012). Consequently, the perspective of businesses has been among the most prominently applied across contemporary research.

Commonly acknowledged in the abovementioned research, is that privacy concerns negatively influence the effectiveness of online personalized advertisements, due to the

perceived risks of consumers (Aguirre et al., 2015; Bleier & Eisenbeiss, 2015; Tucker, 2014; Zhu & Chang, 2016). However, the research disagrees upon to which degree perceived risks negatively influence this effectiveness. Bleier and Eisenbeiss (2015) suggest a significant negative influence on the effectiveness of online personalized advertisements while the research by Kim and Huh (2017) instead suggest that perceived risks do not have a significant negative influence. The results of their research conclude that because of the perceived benefits consumers hold towards online personalized advertisements, the perceived risks are negligible (Kim & Huh, 2017). This discrepancy proves that an incomplete understanding of consumers' perceived risks and benefits exists, as these have been the theoretical foundations of the contrasting research, ultimately influencing the results. As such further exploration regarding how consumers perceive risks and benefits of online personalized advertisement is required. Moreover, for future research to more accurately identify company related matters, such as effectiveness of online personalized advertisements, a more thorough understanding of the theoretical foundations is required. As such, this study excludes the influences which consumer perceptions have on the effectiveness of online personalized advertisements, focusing instead solely on the theoretical foundations of how consumers perceive risks and benefits.

1.3 Purpose
The purpose of this study is to explore how consumers perceive benefits and risks of online personalized advertisements.

1.4 Research Questions
- How do consumers perceive risks of online personalized advertisements?
- How do consumers perceive benefits of online personalized advertisements?

2 Theoretical Chapter

The second chapter of this study primarily presents an introduction to the context of online personalized advertisements. Secondly, it presents the two major theoretical foundations of this study's purpose, consumer perceived benefits and consumer perceived risks.

2.1 Online Personalized Advertisements

The U.S federal trade commission concluded as early as 1998 that as many as 92% of web sites collected personal information of consumers for the purpose of possible future marketing (Jay & Cude, 2009). Such data collection is still highly relevant and used (Aguirre et al., 2015; Zhu & Chang, 2016). The data collected provide companies with information regarding characteristics of geographic, demographic and psychographic nature (Jay & Cude, 2009; Lekakos & Giaglis, 2004). It is further stated by Jay and Cude (2009) that such information is not only gathered in a primary way, i.e. by the companies themselves, but also from third parties that specialises in collecting information about consumer groups with the sole purpose of selling it. The databases with consumer information that companies have collected and stored are used to personalize advertising towards individual consumers and consumer groups (Baek & Morimoto, 2012; Jay & Cude, 2009; Köster et al., 2015;). Owing to the development of online technology, the diversity and the types of online personalized advertisements have significantly increased, ranging from website banners (Bleier & Eisenbeiss, 2015), to online personalized e-mails, to more technological advanced online personalized websites, which use cookies to track and record consumers' online behaviour to create suitable, online personalized advertisements (Jay & Cude, 2009). The use of cookies involves the process of planting small text files on consumers' hard drives to track their online behaviour, and it is the most prevalent method to track consumers online (Miyazaki, 2008). It is further argued by Miyazaki (2008) that the use of cookies can generate concerns in relation to an invasion of privacy, as the process is sometimes done in a covert manner and with a lack of information given to consumers of how it is used. Pavlou and Stewart (2000) argued that these advancements in online technology would cause a shift from mass communication to more targeted and online personalized communication, which would alter the traditional marketing focus of mass advertising to a more targeted audience.

Fowler, Pitta and Leventhal (2013) discuss the implementation of online personalized advertising, that firms need to master four basic concepts that varies from the concept of collecting information to putting it to use, namely identify consumers, differentiate individual consumers, interact with each consumer and customize products for each consumer. To identify consumers, companies use the collected information to gain a sophisticated understanding of potential future consumers and such an understanding further allows companies to identify those consumers with the highest lifetime value. Zeithaml, Rust and Lemon (2001) argue that once a company has identified the possible profitable consumers, and excluded those who are deemed non-profitable i.e. consumers who will not purchase the company's products or services, the firm is able to maximize the profitability of its marketing efforts. The process of identifying and excluding consumers who will never purchase anything which the company offers, is of excellent value to any organisation. It allows them to stop wasting resources in the attempt to attract consumers who are not likely to respond to the advertisement, and instead focus those resources on potential future consumers or the already existing profitable ones (Fowler, Pitta & Leventhal, 2013; Zeithaml, Rust & Lemon, 2001). When organizations differentiate consumers on an individual level, they recognize that consumers have unique needs, as well as from the organization. Interacting with each consumer is important to organizations because every interaction with a consumer is an opportunity to learn more about the consumer and the needs of that individual consumer, as well as the value the consumer may have to the organization (Fowler, Pitta & Leventhal, 2013). The process of customizing products for each consumer involves the process of producing and delivering a product personalized to consumers individually, which is argued to be the most difficult step to put in practice (Fowler, Pitta & Leventhal, 2013).

2.1.1 Consumer Perceived Benefits

Personalization is meant to increase the relevance of information to the consumer, with less effort required. It is meant to save the consumer from tedious tasks and instead place that responsibility with the marketer, allowing them to anticipate such needs and personalize offers for the consumer. Such online personalized offers can be done, thanks to extensive databases and recording of past behaviours (Montgomery & Smith, 2009).

Zhu and Chang (2016) explore the role of relevance in relation to online personalized advertising. The role of relevance, in this context, refers to the "degree to which consumers perceive an object to be self-related or in some way instrumental to

achieving their personal goals and values" (p. 443). It is further stated that relevance of an advertisement influences consumer reactions, such as showing favourable attitudes towards the advertisement, and higher attention paid towards the advertisements, contributing to better advertisement effectiveness and showing a higher purchase intentions (Zhu & Chang, 2016). The study examines the influence which relevance has on consumers' perceptions on privacy concerns and future intentions towards online personalized advertisements. Findings suggest that online personalized advertisement relevance indeed mitigates the privacy concerns of consumers, and that future intentions towards online personalized advertisements were positively enhanced through perceived relevance (Zhu & Chang, 2016).

De Keyser, Dens and De Pelsmacker (2015) support the findings presented by Zhu and Chang (2016), stating that personalization can develop a more favourable response from consumers because of the increase in personal relevance of the advertisement. Moreover, Tucker (2014) displays that among the benefits of consumers from online personalized advertisements, is that such advertisements might be beneficial in terms of interest and appeal. For instance, the content of the advertisement might be more aligned with a consumer's own preferences of products and services. Similarly, Wang et al. (2015) state that consumers which are subjected to online personalized advertisements are able to more efficiently encounter offers which align with the consumers interests and preferences.

2.1.2 Consumer Perceived Risks

According to Dinev and Hart (2004), privacy concern as a topic of interest has been explored in multiple scientific disciplines for many years. Extant literature regarding privacy concerns in online personalized advertisements bases its foundations in general online environments and subsequent research. The major element, examined as a part of privacy concerns in such research, is known as perceived risk or perceived vulnerability (Aguirre et al., 2015; Dinev & Hart, 2004; Liebermann & Stashevsky, 2002), referred to as perceived risk in this study.

Perceived risk pertains to the risk which may be experienced by individuals when disclosing personal information, stemming from an innate expectation that those institutions which have this information will exploit it, and thus negatively affecting the individual (Dinev & Hart, 2004). Strongly associated with an emotional depth, a

negative experience may induce threatening feelings regarding an individual's general well-being and security (Aguirre et al., 2015). However, as noted by Dinev and Hart (2004), an experience of a positive nature in relation to information disclosure will repercuss in such a manner that privacy concerns will have decreased compared to outcomes through negative experiences. Essentially, negative or positive perceptions of the results of the information disclosure will affect the privacy concerns of an individual (Aguirre et al., 2015; Dinev & Hart, 2004).

Moreover, contemporary research specifically applying privacy concerns in online personalized advertisements, as mentioned in the introductory chapter of this study, is manifold, yet in close relation to the practices conducted in general online environments. Aguirre et al. (2015), extending the research on perceived risk, in relation to the data accumulation processes of companies, conclude that the strategies utilized in these processes are vital to the consumers' reactions towards online personalized advertisements. Applied on Facebook, they explore the degree of personalization of an advertisement, whether the information collection is covert or overt, and whether there are any means of confirming the information handling (Aguirre et al., 2015). When discussing a covert or overt information collection process, Aguirre et al. (2015) denote these two concepts to reflect whether or not visitors on websites are purposefully made aware that their information is being collected by the website. This can be done through visual cues such as cookies disclaimers. The instance when consumers are informed of this process is thus called overt, while the opposite process is known as covert. The results from Aguirre et al., (2015) suggest that when data from consumers is covertly collected to enhance personalization of advertisements, consumers are likely to associate the advertisement with negative perceptions. Continuously, an overt data collection method was concluded to minimize these negative experiences, resulting in increased trust and higher effectivity of the personalized advertisement (Aguirre et al., 2015). Moreover, providing visitors with means of confirming how the information that they disclose is handled, also increases the subsequent effectivity of the advertisement. This can be done through providing access to a website's privacy policy (Aguirre et al., 2015).

Concrete denotations of perceived risk have been expanded upon by Liebermann and Stashevsky (2002). Although their proposed hypotheses included nine elements with

significant influence on privacy concerns, only two hypotheses were central to their results: internet credit card theft, and supplying personal information (Liebermann & Stashevsky, 2002). While these results concluded in implications for marketers and advertisers opting for online personalized advertisements, it should likewise be noted upon that the generalizability of the research had cultural limitations. Despite this, the study provides support for concrete components of perceived risk (Liebermann & Stashevsky, 2002).

3 Methodology

The third chapter of this study displays the process through which the given study was conducted. It includes both an explanation to each methodological aspect as well as a justification for each aspect's use in relation to the study.

3.1 Deductive Research Approach

In any given study, a research approach pertains to the nature of the relationship between theory and empirical material (Bryman & Bell, 2011). As a continuation, a deductive research approach primarily concerns the accumulation of pre-existing theory, wherein a researcher bases theoretical assumptions on such theory (Hyde, 2000). According to Bryman and Bell (2011), the theory and the subsequent assumptions are based on the relevance they hold in relation to the specified phenomenon. In this study, a deductive research approach allowed for a problematization regarding the pre-existing theories on the theoretical foundations of online personalized advertisements, privacy concerns, consumer perceived benefits and risks. Moreover, the process of the approach can be considered to appear linear in nature, in that it is initiated through the collection of theory, continuing with assumptions, or in some cases hypotheses, which themselves must be put in relation to empirical findings (Hyde, 2000; Popper, 2005). These assumptions can subsequently be analysed through a wide array of instruments, in an effort of temporarily confirming or rejecting the preceding assumptions (Bryman & Bell, 2011; Popper, 2005). While this study did not attempt to confirm or reject assumptions, a deductive research approach allowed analysis of empirical material which was operationalized from pre-existing theoretical foundation. An operationalization concerns the action through which the theories of a given research are translated into concepts or definitions related to the context of the given study (Saunders, Lewis & Thornhill, 2009).

While a deductive research approach is more common in quantitative research, it is equally viable in qualitative research (Hyde, 2000). Moreover, the advantages of using a deductive research approach in alignment with the given study, concern its linearity, or perhaps, its non-linearity. As argued by Bryman & Bell (2011), the most common perception of deductive research approaches revolves around that they are linear. Yet, the two authors continue, stating that theoretical foundations may require adjustment as the research advances. Given the two primary building blocks of this study, consumers

perceived benefits and consumer perceived risks, which are continuously discussed in contemporary research, a deductive research approach allowed this study to be amended or modified in the event of new generated research in the given research process. On par with this, accumulated data of the current research may not be of relevance to the original assumptions of the given study (Bryman & Bell, 2011). A deductive research approach thus facilitated alterations to theoretical foundations, in the event of such data.

3.2 Qualitative Research Method

A qualitative research method is a method commonly used to gain a deeper understanding of a given subject (Bryman & Bell, 2011; Murshed & Zhang, 2016; Saunders, Lewis & Thornhill, 2009). The method is ordinarily used when the knowledge of the chosen subject is scarce and the goal of the research is to understand the psychological and mental processes behind how consumers themselves interpret their behaviour (Murshed & Zhang, 2016). In this study, given the contrasting research and the problematization depicted regarding consumer perceived benefits and risk, a qualitative research method was required to get a deeper understanding of consumer perceptions. Moreover, Belk (2017) argues in his research on qualitative research in advertising that the need for qualitative methods are greater than ever within the industry of marketing and advertisements. It is an appropriate approach to use to understand underlying reasons why consumers behave the way they do, both in relation to brands and advertisements as well as the possible meanings behind them (Belk, 2017), similarly justifying a qualitative research method in this study. Belk (2017) further argues that the "why" is the base of any marketing research, both of quantitative research as well as qualitative. Even in the world of big data, qualitative research holds a vital part of marketing research, because in the end, it is only when one can understand why someone is doing something that one possesses the knowledge to know what to do about it (August, 2014; Belk, 2017). This is similarly in alignment with the problematization depicted in this study, requiring a qualitative research method to facilitate a deeper understanding of consumer perceptions.

Bryman and Bell (2011) claim that a qualitative method approach commonly focuses on words, rather than numbers, in both the collection of data as well as the part of the analysis. It is argued that an important part of a qualitative method approach is the epistemological stance which the duo label as interpretivism, meaning that the

importance lies in the understanding and interpretation of the social world from the participants of the study. In qualitative research, there are a several research methods that can be applied, and there are differences in the way they are structured. Bryman and Bell (2011) list the most common methods applied in qualitative research as participant observation, qualitative interviewing, focus groups and the collection of qualitative analysis of text and documents, while Belk (2017) states that focus groups are indeed the most common method collection in quantitative research in marketing research.

3.3 Exploratory Research Design

A research design provides the plan of the chosen research, i.e. the general idea of how the research questions will be answered (Bryman & Bell, 2011; Saunders, Lewis & Thornhill, 2009). When selecting a research design that is appropriate for the research one wants to conduct, it is important to bear in mind that the selected design should contain clear goals of the study, derived from the stated research questions. It is also of importance to consider aspects such as any potential ethical issues with the chosen design (Saunders, Lewis & Thornhill, 2009). When formulating a purpose and potential research questions, Bryman and Bell (2011) argue that one way to approach this is through an exploratory study. An exploratory study is a viable approach to use when the objective is to find out what is happening, underlying reasons or to seek new insight by evaluating a phenomenon in a new light (Saunders, Lewis & Thornhill, 2009). It is also a valid approach to use if one is unsure about the foundation of the problem and the objective is to clarify the understanding of said problem. As the problematization of the current study requires an exploration of underlying reasons, due to an uncertainty of consumer perceptions in contemporary research, the two prior arguments suggested that an exploratory research design was appropriate and applicable for this study. One of the advantages of using exploratory research is its flexibility and adaptability to adjustments. Because of new data available to the researcher and the insight it generates, one must not only be able, but also willing to change the course of the research (Saunders, Lewis & Thornhill, 2009). This methodological point of departure further justified the use of an exploratory research design in this study.

3.4 Data Collection Method: Focus Groups

The use of focus groups is among the most common data collection method in qualitative research (Bryman & Bell, 2011). Its use facilitates exploration and discovery

of how a given subject is viewed by multiple individuals, known as participants, of which a recommended amount is between six to ten. These participants are, according to Bryman and Bell (2011), subsequently led through a chosen subject, or area of interest, by a moderator in an unstructured or semi-structured environment. The moderator is responsible for guiding the participants through the subject while simultaneously not being too obtrusive or influencing towards the participants. Moreover, there is no consensus on the recommended amount of focus groups in order to reach appropriate results (Bryman & Bell, 2011). Instead, Bryman and Bell (2011) propose that when the answers are repetitive in nature, i.e. when the answers become theoretically saturated, the data collection process can conclude.

Through the generation of specific questions or discussion points, the use of focus groups allowed three major things. Primarily, it allowed a deep understanding of the participants' thoughts on perceived benefits and risks of online personalized advertisements. Secondly, it allowed an environment which facilitated answers as to why the participants felt the way they did, and thirdly, it allowed for exploration of how the participants collectively discussed and made sense of the subject. These aspects were furthermore strengthened by recommendations from Langford, Schoenfeld and Izzo (2002), which in their study discussed weaknesses of focus groups and a superior alternative. While that alternative is directed towards participants which possess high levels of experience and knowledge regarding a given subject, which is something this study does not, one component of the alternative was viable for this study. By providing the participants with a set amount of time between the presentation of the subject and the beginning of the discussion, for them to record their notions and thoughts of the subject, it allowed the participants to reflect upon the subject and organize their thoughts and opinions. This in turn allowed the participants to develop their opinions without the influence of other participants in the focus group.

Each focus group was furthermore recorded with the permission of the participants, allowing for better management of the collected data. As such, while exploring the relevance of privacy concerns in relation to online personalized advertisement, this study used focus groups as its data collection method, based on the explorative benefits such a method provided.

3.4.1 Operationalization

An operationalization concerns the action through which the theories of a given research are translated into measurable concepts or definitions (Saunders, Lewis & Thornhill, 2009). As explained by Bryman and Bell (2011), this is done to achieve two primary objectives. Primarily, without such an action it would be difficult to acquire optimal empirical data. Secondly, an operationalization facilitates more authentic conclusions drawn from the collected material.

This study's operationalization was derived from the process presented by Bryman and Bell (2011). Primarily, the concepts of interest are displayed, both main concepts and sub-concepts. Each sub-concept is denoted a conceptual definition, i.e. the theoretical definition of the concepts, and ultimately, each concept's empirical measurement is presented in form of questions. This study's operationalization is displayed in Table 3.1, *Operationalization*. For more information regarding the questions, see *Appendix A*.

Table 3.1, *Operationalization*

Main Concept	Sub-Concept	Conceptual Definition	Questions
Online personalized advertisements	Process of implementation	Identifying, differentiating, and interacting with specific consumers or individuals (Fowler, Pitta and Leventhal, 2013).	Q5
	Online personalized banners	A form of personalized advertisements (Bleier & Eisenbeiss, 2015).	Q2 Q2.2
	Online personalized e-mails	A form of personalized advertisements (Jay & Cude, 2009)	Q1 Q1.2
	Online personalized websites	A form of personalized advertisement (Jay & Cude, 2009).	Q3 Q3.2
	Cookies	A common method and tool of tracking and recording consumers' online behaviour, which can be used to create personalized advertisements (Jay & Cude, 2009).	Q4 Q4.1 Q4.2 Q4.3
Consumer Perceived Benefits	Relevance	Refers to the "degree to which consumers perceive an object to be self-related or in some way instrumental to achieving their personal goals and values" (Zhu and Chang, 2016, p. 443). Higher relevance can make advertisements more interesting and appealing towards consumers, since the advertisements more accurately align with consumer preferences (Montgomery & Smith, 2009; Tucker, 2009; Wang et al., 2015).	Q1.1 Q1.3 Q2.1 Q2.3 Q3.1 Q3.3
Consumer Perceived Risks	Disclosing personal information	Refers the risk which may be experienced by individuals when disclosing personal information (Dinev & Hart, 2004).	Q6 Q6.1
	Covert vs. Overt	Whether or not visitors on websites are purposefully made aware that their information is being collected by the website (Aguirre et al., 2015).	Q7 Q7.1
	Means of confirmation	Whether or not visitors on websites are provided with means of confirming how their information is handled by the website or company (Aguirre et al., 2015).	Q8 Q8.1

3.4.2 Interview guide

An interview guide aims to assist and support moderators of qualitative data collection methods such as focus groups (Bryman & Bell, 2011). Generally, such a guide consists of the questions or discussion points which are to be addressed by the selected participants in a given study. In this sense, Bryman and Bell (2011) argue that these questions or discussion points need to align with the purpose of the study, in order for researchers to contribute with relevant information in relation to the chosen research area.

In continuation, an interview guide was constructed for this study, bearing the above in mind. The questions included revolved around online personalized advertisements, consumer perceived benefits and consumer perceived risks in order for this study to explore its purpose. These questions originated from the operationalization process previously discussed. Moreover, the interview guide remained consistent and unchanged across both focus groups, since their sample in similar manners remained the same. Sampling and selected samples will be presented shortly. The interview guide and subsequent questions are presented in *Appendix A*.

3.5 Sampling

The objective of qualitative research is to understand underlying reasons and behaviours, investigating why consumers behave the way they do (Bryman & Bell, 2011). Because of this, the process of selecting a representative sample of the population is not as important in qualitative studies, as opposed to quantitative ones (Koerber & McMichael, 2008; Bryman & Bell, 2011). Researchers of qualitative studies may have different goals when selecting the sample, depending both on the situation of the subject being examined as well as the questions driving the research (Koerber & McMichael, 2008). Sometimes it might be preferable to select a sample that contain people who expose the differences within the given population as much as possible, while other studies might want to explore attitudes in a cross-sectional study of a larger population. In sampling processes, qualitative researchers therefore wish to minimize the chance that the result of the study is too idiosyncratic, i.e. that the findings might be entirely different at another location with different subjects (Koerber & McMichael, 2008). Bryman and Bell (2011) refer to the sampling process in qualitative studies as non-probability sampling, meaning that there is not an equal chance for every unit of the population to be sampled. Oftentimes done using convenience sample,

defined by the duo as a sample that is selected because of its accessibility. It is argued by Koerber and McMichael (2008) that even though a convenience sample is used, some effort of reaching and recruiting units of the sample is still required because some samples are more accessible than others. It is further argued that a convenience sample can generate a lot of rich data, because of the close relationship between the researcher and the research site that made the sample convenient in the first place (Koerber & McMichael, 2008). In the same way, this study used a convenience sample in order to generate rich data on consumer perceptions of risks and benefits of online personalized advertisements. This in turn allowed the researchers a familiarity to the sample, and a familiarity between participants resulting in a more comfortable environment.

The potential pitfalls of using such a sampling method is, like any qualitative method, that the findings are not generalizable to a broader population (Bryman & Bell, 2011; Koerber & McMichael, 2008). Because of the same relationship that can make convenience sampling an advantage for researchers, it can also be especially tempting to generalize beyond the narrow population studied, and researchers using convenience sampling should therefore be extra careful to generalize any findings to other social settings or broader populations (Koerber & McMichael, 2008). However, in the given research, the aim was to provide insights into the perceived benefits and risks of consumers, and not to generalize beyond a broader population. As such, the potential pitfall of generalizability was not of concern.

It is stated by Bryman and Bell (2011) that there is not one definitive answer regarding how large a sample size should be. How one should approach the decision of deciding the appropriate size of the sample is different depending on the research, and is oftentimes affected by aspects of time and cost. Especially apparent in a qualitative research, where the goal is to generate underlying reasons and behaviours rather than generalizable findings, the sample size should not be determined by any specific number, but rather the quality of the data collected (Koerber & McMichael, 2008). Koerber and McMichael (2008) argue that it is particularly difficult to determine a sample size when convenience sampling is used, because of the broad variation of research projects. In this research, two focus groups were conducted, having six and five participants respectively. The initial intention was to have six participants in each, as per recommendations by Bryman and Bell (2011), however due to an unexpected event,

one participant could not attend. Despite this, the focus groups were conducted as planned, and theoretical saturation was regarded by the researchers to have been achieved after the second focus group.

The process through which the final participants were selected, based on the above theories, began with consideration of the population. Since this study explored consumers perceived benefits and risks in online environment, the general population was deemed to consist of people who were part of online environments, and thus available to the encounters of online personalized advertisements. Using convenience sampling, the sample from this population was based on its accessibility, which in the context of this study resulted in a sample from Växjö, Sweden, which is where the study was conducted. Moreover, this sample was further narrowed since, as stated by Koerber and McMichael (2008), certain samples are more accessible than others. As such, invitations to participate in focus groups were sent out to students at Linnaeus University, which resulted in the final participants. Continuously, these participants were between the ages of 18-30, familiar with online environments and of mixed nationalities and origins.

3.6 Ethical Considerations

Ethical considerations are part of any research that deals with people (Bryman & Bell, 2011). In a way, these considerations reflect the values through which any given research is conducted, and to an extension, the values which are incorporated into each interaction with individuals which partake in the research. Bryman & Bell (2011) argue that without certain considerations in the research process, risks pertaining to participants, society and the researchers themselves can manifest. Primarily, it is of note to avoid harming participants in any manner. Harm by itself can denote several things, such as physical or psychological harm, yet it can also include stress-inducing environments, or harm to individuals in work- and family related situations (Bryman & Bell, 2011). Secondly, among the most debated aspects of ethics in social research, is the lack of informed consent and related concepts. It concerns providing participants with full information about the nature of the study and any subsequent significance the study can have for the participants (Bryman & Bell, 2011). The third issue stemming from ethical perspectives is invasion of privacy. Specifically, it concerns transgressions of private information belonging to the participants of the study. These transgressions

should be avoided at all times, to minimize participants' possible discomfort (Bryman & Bell, 2011). Lastly, it is of ethical note to avoid any deception in the research process. According to Bryman and Bell (2011), deception occurs when participants of a study are misinformed of the true nature of a given research. In other words, deception is a product of a researcher's false presentation of the nature of a research. While this in simple terms can be seen as an act of lying, this act can also have dire consequences for not only the trust between participant and researcher, but also trust between participants and other researchers (Bryman & Bell, 2011).

On par with Bryman and Bell's (2011) recommendations, this study took several measures to minimize any of the four abovementioned issues. Psychological harm was minimized through having non-intrusive questions in the focus groups, accomplished through pre-tests of the questions, in which the participants were asked only if they understood the questions, and if they could somehow be psychologically intrusive.

Moreover, every participant in the focus groups was informed of the purpose of the discussions, to such an extent that was possible without affecting their answers in any way. Similarly, should the participants at any moment during the discussions feel discomfort, they were allowed to leave the room.

The issue of privacy was of notable interest to this study, given its nature, yet despite many questions' regard to privacy, each participant was informed that answers were and would always be, anonymous. Similarly, each participant was informed that if they wished for specific material to not be mentioned in the summarization of the empirical material, this would be carried out at their request.

Lastly, deception was minimized through an initial presentation of the nature of the research. While privacy concerns as a concept was excluded from this presentation, this was done to exclude any unnaturally prompted responses. After the focus groups, participants were allowed to ask further questions as to the purpose of the study, should they feel that this was needed.

Moreover, because of the nature of this study, participants in the focus groups could acquire and develop further knowledge regarding the collection of personal information

and its use, resulting in increased privacy concerns. This could also affect the participants' behaviour in online environments. Since the discussions often revolved around risks and privacy concerns in online environments, it is possible that the participants had gained new realizations regarding these matters after the focus groups, leaving the participants more concerned at this point in time compared to when they first arrived. However, the moderator informed the participants that they were allowed to leave whenever they wished, if such realizations were deemed too uncomfortable. Similarly, the moderator attempted to omit the explanation of any misconceptions which the participants had. By doing this, the participants' development of knowledge was influenced by their own discussions, rather than the knowledge of the moderator.

3.7 Method of Analysis

When the collection of data has been done, the researcher needs to code the empirical material in relation to the purpose of the given study, for any analysis of such material to be possible (Bryman & Bell, 2011). However, Saunders, Lewis and Thornhill (2009) argue that there is no standardized process through which this needs to be done. Instead, they argue that analysis of empirically gathered material can be organized and conducted bearing the theoretical foundations of the study in mind. Yet given the extent of empirical material that qualitative data collection methods such as focus groups can produce, it might also be of consideration to reduce redundant and superfluous data. In a way, the choice of analysis and coding of empirical material are dependent on the researchers of the study. As such, the subsequent results are contingent on the researchers' ability to process empirical material, and how they interpret and present the ultimate results (Saunders, Lewis & Thornhill, 2009).

One of the different varieties of strategies of analysis in exploratory and qualitative studies is pattern matching (Saunders, Lewis & Thornhill, 2009). A strategy of analysis pertains to the process in which research questions, empirically gathered material, interpretation of such material and conclusions are addressed and founded. Pattern matching as such can be utilized to compare empirically gathered material with the theoretical foundations of a study, and used as a basis for the subsequent interpretation (Saunders, Lewis & Thornhill, 2009). In the same way, the use of pattern matching aligned with the explorative nature of this study, based in its problematization. As the perceived risks and benefits of consumers needed to be explored, through empirically

gathered material, pattern matching allowed interpretation of this material in relation to the theoretical foundations.

This strategy was hence used in the research process of this study. Primary analysis was conducted by interpreting the empirical findings in relation to the theoretical foundations, as such a strategy allowed patterns of the participants to be founded in both theory and their perceptions of benefits and risks in online personalized advertisements. However, during the interpretation of the empirical material, several perceptions which were not founded in theoretical foundations were displayed. Using pattern matching, the researchers were able to interpret these perceptions and build subjective explanations around them, acting as propositions for future theory and subsequent research. Moreover, as the process of pattern matching is dependent on the interpretation of the researchers, this interpretation allowed the observation of several main aspects and elements. In turn, to more clearly denote these aspects and elements, they were written in italic when first introduced in the analysis.

3.8 Quality Criteria

Quality criteria concerns the general reliability and validity in any given research (Bryman & Bell, 2011). However, debates on whether these two terms are inherently quantitative have occurred across research, which in turn has led research to formulate concepts more closely related to qualitative research (Bryman & Bell, 2011). A major concept of this nature is trustworthiness (Bryman & Bell, 2011).

3.8.1 Trustworthiness

It is imperative that qualitative studies have means to determine the quality of the research. Bryman and Bell (2011) suggest trustworthiness to be a criterion that should be used when the research is of a qualitative nature. Trustworthiness in itself contains four criteria, namely credibility, transferability, dependability and confirmability. Credibility is a criterion of trustworthiness that fits a qualitative research well because of its view of the social world where there are no absolute truths. If one accept the notion that there can be several potential versions of a social reality, it is the credibility of the conclusions arrived by the research that will decide its acceptability to others. To institute credibility of conclusions drawn in qualitative research, one must make sure that the conclusions are submitted to members of the social world who the research studied, as well as a guarantee that the study was carried out in good practice.

Transferability refers to the possible transferability of conclusions and findings to other social settings. Because qualitative research involves the comprehensive study of individuals or small groups of people sharing certain attributes, the conclusions of qualitative research tend to be limited to the context of the social world being studied. Therefore, transferability is hard to obtain when the research is of qualitative nature. It is argued that to reach dependability, the researcher must keep complete records of every aspect of the research. To further ensure dependability in qualitative research, objective auditors should be brought in both during the process of completing the research, as well as in the end to ensure that proper methods and procedures have been used. Even though complete objectivity is not possible to reach in a qualitative study, confirmability refers to that the researcher should be able to show that he or she acted in good faith, i.e. that the researcher has not included personal values and opinions to sway the conclusion in any way. Objective auditors, such as described when referring to dependability, could be a way to establish confirmability (Bryman & Bell, 2011).

In this study, trustworthiness was addressed primarily through credibility, dependability and confirmability. Transferability, as argued by Bryman and Bell (2011) is difficult to obtain in qualitative studies, thus making it a smaller concern in the context of this study. Credibility was mainly addressed in the data collection method of this study, focus groups. Participants were encouraged to have differing opinions and perspectives on matters, and the environment attempted to inspire participants that there were no wrong or right answers. In the entirety of this study, the researchers were aware that the concluded results are just part of one perspective, and that many other such perspectives could be developed. Dependability in this study was addressed through the documentation of the research process and recording of the collection of the empirical material. Lastly, the researchers of this study attempted to refrain from pushing empirical material and subsequent analysis and conclusion in any specific direction, without the influence of their personal values, which in turn addressed the confirmability of this study.

3.9 Methodological Summary

Table 3.2, *Methodological Summary* presents a summary of the methodological chapter of this study. Primarily, each methodological aspect is presented, followed by the chosen path used in this study.

Table 3.2, *Methodological Summary*

Subject	Presentation of Chosen Path
Research Approach	- A deductive research approach is concerned with the analysis of empirical material, relevant to pre-existing theoretical foundations, in order to discuss a problematized subject (Hyde, 2000). - Allows research to be adjusted as novel information presents itself (Bryman & Bell, 2011).
Research Method	- A qualitative research method is commonly used to gain a deeper understanding of a given subject (Saunders, Lewis & Thornhill, 2009). - Also used to understand the mental processes behind how consumers interpret their behaviour (Murshed & Zhang, 2016).
Research Design	- An exploratory research design can be used when the objective is to explore underlying reasons of a phenomena, or to seek new insight by evaluating a phenomenon in a new light (Saunders, Lewis & Thornhill, 2009).
Data Collection Method	- Focus groups are collective discussions about a specified phenomenon with 6 to 10 participants (Bryman & Bell, 2011). - Commonly used to deeply explore a subject and to understand how a subject is collectively discussed between several individuals (Bryman & Bell, 2011).
Sampling	- Non-probability sampling through convenience sampling; selected through accessibility (Koerber and McMichael, 2008).
Ethical Considerations	- Concerns harm to participants, lack of informed consent, invasion of privacy and deception (Bryman & Bell, 2011). - Each issue is addressed through various measures, according to recommendations by Bryman & Bell (2011).
Method of Analysis	- Pattern matching, interpreting the empirical findings with theoretical foundations (Saunders, Lewis & Thornhill, 2009).
Quality Criteria	- Trustworthiness, a criterion of assessing the quality of a qualitative research, itself divided into credibility, transferability, dependability and confirmability (Bryman & Bell, 2011).

4 Empirical Material

The following chapter presents the empirical material gathered through the two focus groups. Primarily, it displays a discussion regarding consumers' perceived benefits, and secondly, the discussions regarding consumers' perceived risks.

4.1 Consumer Perceived Benefits

All members of both focus groups had encountered what they perceived to be personalized e-mails. In the first focus group, one participant elaborated, stating that encounters with personalized e-mails probably originated from previous search history of the participant. The content, while closely related to the search, was however not what the participant was looking for. Another elaboration from a different participant acknowledged that based on a booking on a hotel search website, the participant had been receiving multiple e-mails with offers of various hotel and travel resorts. These e-mails were perceived to be personalized given the recurring welcoming phrases including the participant's name, yet were also perceived to be annoying based on their frequency. Furthermore, the participant showed awareness of how to unsubscribe to these e-mails, yet had not done so. Another participant had a specific mail account for websites which frequently sent personalized e-mails, in order for the participant to more easily avoid the e-mails.

In the second focus group, one participant had encountered personalized e-mails through the disclosure of the participant's e-mail address on a shopping site. These e-mails were perceived to be personalized both because the inclusion of the participant's first name in the e-mail, and because of the content. In this instance, the e-mail contained an offer of a discounted book that was similar to a book of a prior purchase. The discussion was extended by a participant saying that personalized e-mails were sometimes encountered when companies and firms noted upon the participant's absence. In an effort of showing that the companies would miss the participant, the e-mails would sometimes include discount codes and personalized welcome and goodbye phrases. Another example of perceived personalized e-mails were e-mails sent weekly by a local grocery store, containing discounted offers and products. In this example, the participant was a premium member of the grocery store, and acknowledged that it was probably impossible to avoid these e-mails. One estimation provided by yet another participant was that all e-mails received were perceived to be personalized, whether or

not the participant had signed up for the e-mails. The only way to stop receiving e-mails were to explicitly unsubscribe. This discussion ended with a participant stating that it was easier to get rid of personalized e-mails on the phone rather than the computer.

The discussion in the first focus group turned to positive aspects of the personalized e-mails, upon which one participant suggested discounts as one. One participant noted that discounts in personalized e-mails were appreciated when the participant was in a certain mood for matters such as vacations. This response was followed by a display of irritation, in that the e-mails were mostly considered as spam. The participants generally agreed upon that one positive aspects was that these e-mails were targeted to you specifically, based on previous website searches. Even though the content did not completely align with the preferences of the participants, the content was still relevant in the context in which they were shopping. This was expanded upon by one participant, saying that it could be positive when they had been browsing for products, with the personalized e-mails containing material relevant to these products. A negative aspect which was brought forward however, was that personalized e-mails were rarely relevant since they appeared after participants had already purchased what they were looking for. Moreover, one participant presented personalized websites as superior, because these felt less irritating and annoying.

As for the second focus group, one participant stated that if the received e-mails were from a frequently visited company, the e-mails were appreciated. However, if they were from rarely visited companies, the participant did not open the e-mails, or pay attention to them. Personal e-mails from grocery stores with discounts on food were also appreciated by several participants, if the discounts pertained to food previously bought. The discussion turned to different types of personalizing, in that one participant suspected that weekly deals from grocery stores were sent to everyone who had registered. However, because of the participant's premium membership, certain e-mails were perceived to be increasingly targeted and specific, containing personalized offers relevant to previous purchases of the participant. These offers were only available through the e-mails, and as such would not be possible to take part of in store. Another positive aspect which surfaced was that certain personalized e-mails contained discounts on any future purchase, discounts not tied to a specific product. Participants began discussing that discounts through personal e-mails were appreciated when the discounts

concerned frequently purchased products. For instance, different types of food discounts could result in the participant selecting to cook a dish based on these discounts, acting as inspiration. However, the same participant continued to state that discounts on products such as clothes were not as positive. When purchasing clothes, the participant was usually very specific regarding the searches and preferences, and content of personalized e-mails which suggested products was not aligned with the participant's tastes. This was continued by another participant which said that discounts through e-mails were more appreciated when the discounts pertained to food rather than clothes, or anything else. The participant argued that for food you can at times opt for the cheaper alternative. All participants also noted upon the fact that personalized offers and discounts for food is of higher relevance to them since food is something they purchased often, compared to clothes which they buy more seldom.

In the first focus group, when asked if the participants perceived that e-mails were personalized to them as individuals, the discussion revolved around the fact that most did, yet only because of the welcoming text at the beginning of these e-mails, usually containing the participants' names. The participants noted however that the content of these e-mails did not feel very specific to them, in that most customers probably received the same content. They explained that in one way it felt personalized, yet that at the same time it did not. Here they also noted that this feeling could be explained with the fact that they all were aware of how things work in online environments, they realize that the e-mails were not that personalized. One participant said that the personalized part of the e-mails was just programmed code which picks out your name and what you selected previously on a website, so that you initially think that this e-mail is for me but when you begin to think about it, it feels less and less so. In a way, another participant noted, it did not feel authentic. One participant argued it could feel more authentic in car dealerships, were e-mails were written for one specific customer based on what the customer has right now, making the process feel more complex than just programmed code. Another participant introduced betting websites which at times would call you personally, and inform you of your current situation at the site and subsequently offer you special deals. This was unanimously agreed to feel more personalized.

The primary response from one participant in the second focus group was no, that e-mails generally were not personalized. Another participant stated that these e-mails were not especially personalized, particularly in relation to websites such as Facebook. On Facebook, the participant thought it scary how fast advertisements based on previous search history appeared. One participant mentioned hatred towards personalized e-mails, seeing as e-mails are a way to communicate professionally and on serious matters. Personalized e-mails, according to this participant, were seen as annoying spam. This opinion was echoed by another participant, who initially would treat an e-mail as something important, but would realize it probably contained irrelevant and annoying content.

In relation to the perceived relevance of personalized e-mails one participant in the second focus group stated that there is a specific company whose e-mails the participant would often pay attention to and view. The participant argued that this was done since the company itself was aligned with the participant's interests and its products were often used by the participant. Moreover, a participant expressed that e-mails from a specific phone company were frequent, yet never opened since the participant was satisfied with the current phone network.

All participants of both focus groups had encountered personalized banners, however, opinions that the banners did not feel personalized were voiced in the first focus group. These opinions were followed by a participant showing awareness that Facebook and other websites collect personal information through the use of cookies, in order to produce banners. This was experienced as intrusive, that personal information such as online movements and digital footprints were tracked by the websites. This intrusion was coupled by statements of other participants, stating that personalized banners were displaying products already seen by the participants, like annoying constant reminders. One example included website searches on ski trips, with banners suggesting various ski trips for over two months, which was perceived as irritating. This irritation was similarly a concern when a participant had not been serious in browser searches, which had led to several banners containing material in relation to those searches. These banner, the participant explained, were not really aligned with the participant's actual preferences, and just a product of trivial searches. The same participant also explained that if browser searches contained medical diseases, and banners appeared which were

affiliated with these diseases, the participant would feel negatively targeted. The discussion turned to positive aspects again, in that banners which contained price comparisons were found to be beneficial when actively searching for a product. Another positive aspect was that the banners could act as reminders if participants were indecisive in the purchase process. Lastly, a participant stated that banners felt intrusive when they appeared only seconds after the browser search was made.

In the second focus group, a participant stated that banners were so common online that no attention to them was displayed while browsing. Despite this, banners felt personalized because of their content, in that they were related to previous searches of companies, products or even jobs. Another participant considered banners to be inefficient because they often contained products which had been part of previous searches. As such, the participant already knew of the product, and found reminders of it to be redundant. The participant further suggested that the banners could instead contain similar products to the initial search. Moreover, participants stated that banners exposed to them post purchase which displayed that specific product were superfluous and annoying. Here the participants also discussed desires that the banners would display suggestions of products, rather than already purchased products. This discussion ended when a participant displayed annoyance when companies did not provide information as to how they logged the participant's searches and how that information would be treated. In short, annoyance was displayed when the company logged the searches without telling the participant.

All participants of the first focus group answered in union that no banners felt relevant to them as individuals, and that banners overall were more negative than positive. However, upon elaboration, one participant displayed understanding of the benefits for companies which used personalized banners, but that the banners ultimately felt more annoying than beneficial from the participant's perspective. Another participant also expressed that banners which tried to sell products felt unenjoyable, and pushed and forced upon the participant. This thought was however expanded upon, noting that if the participant was actively searching for a product yet being unable to locate it, banners which showed relevant products could be perceived as positive.

In the second focus group, all participants agreed upon that the company which was displayed in personalized banners felt relevant, but not its products. One example provided by a participant included banners from Gymgrossisten, which was perceived to be a highly relevant retailer for the participant, yet all displayed products in those banners had already been purchased. Moreover, a participant stated a belief that it should be easy for clothing retailers to provide suggestions of products in their banners, based on the preferences of people who bought the same products as the participant.

In the first focus the website which was perceived as personalized was Spotify. The discussion turned to why Spotify felt personalized, through the fact that it included an individual's name and that it constructed personalized playlists based on the music which you have previously listened to. One participant presented that certain smartphone applications usually felt personalized, especially in relation to the location of the smartphone. The participant elaborated, stating that several applications would notify the participant about nearby events which could be important.

A participant in the second focus group argued that an online clothing retailer, which was frequently visited by the participant, felt personalized because of suggestions on the website based on what other consumers had bought. The participant also noted a clear difference in suggestions between when the participant had first begun using the website, and current use. Initially, the suggestions had been poorly aligned with the participant's preferences, yet continued purchases on the website resulted in more personalized and better suggestions. This was agreed upon as a positive aspect by another participant. Another participant recognized that certain websites uses a reward system, in that you acquire points after purchases which can be used to accumulate discounts on future purchases. The discussion was concluded by all participants agreeing upon that websites felt more personalized the more you purchased at that specific website.

The discussion on positive aspects with personalized websites in the first focus group involved the relevant suggestions which these websites provided. On Spotify for instance, the personalized content allowed the participants to find relevant songs suited to their tastes. This was extended to Netflix, which recommended movies similar to the ones previously watched and enjoyed by the participants. These two websites were

argued by a participant to be the only successful personalized websites of which the participant was aware. Another participant enjoyed the personalization of commercial websites such as Zalando, which keeps track of previous purchases and provided suggestions of products and brands the participant might enjoy. In a way, this content did not feel pushed or forced upon the participant, but rather just suggested, which was the only time the participant appreciated personalized content. This discussion was elaborated upon by another participant, which stated that it felt more acceptable when hotel search websites provided more personalized offers. This acceptance was due to an awareness, in that the participant expected to receive something in return for using the website's services. Moreover, another participant recognized Google Maps as a personalized website, which provided the participant with different routes to specific destination based on personal preferences, which was found to be positive.

In the second focus group when asked if websites were perceived as personalized, a participant provided an example where Google Maps together with the participant's smartphone tracked whereabouts and could send relevant notifications of nearby events, which was of great interest to the participant. Another participant however was unsure on the matter, in that it did not feel personalized since everyone would receive the same offers if their searches were identical. Yet, the offers were still relevant to the searches, which the participant perceived to be personalized. All participants agreed that it would be better if everyone got individual offers.

Regarding Spotify, one participant perceived the presented content as highly relevant and customized. An example of this was one of Spotify's functions, which provided three different playlists based on the most played genres by an individual, which were often of high relevance and enjoyment. One participant noted that while such content was probably a product of programmed code, the complexity of variables which the code must go through made the content feel more customized and advanced. Moreover, a new account had recently been acquired by one of the participants on Spotify. Here the participant realized that customized content in the form of suggested music was absent since the account had not been used. Another participant stated that the suggested content was highly relevant and enjoyable. However, the participant also argued that there are suggestions which were unenjoyable, and based on these suggestions, Spotify would recommend even more non-relevant content. Despite this, the suggestions were

not negatively perceived even though they were not aligned with the preferences of the participant.

4.2 Consumer Perceived Risks

In the first focus group, while one participant had already displayed knowledge about cookies, when asked, most participants were unsure what cookies were. One participant guessed that it had something to do with digital footprints.

Most participants in the second focus group had general notions of the meaning of cookies, yet were unable to provide a confident description. Cookies were something which was simply accepted in online environments. One participant elaborated, stating that cookies is a way to store search information and behaviour on a webpage for companies.

In the first focus group, no one had searched for an explanation regarding the meaning of cookies. When prompted for an explanation, one participant answered that cookies were just things that pops up on websites and disturbs what you want to look at. Another participant said that these pop ups usually have a small line of text explaining what they do, although the participant was not sure what the text said, and that the participant usually simply clicks accept. Upon this one participant suggested that you do not always have to accept, that you can just click the icon to exit the pop up and continue scrolling. The participant which had shown certain awareness of what cookies do, thought it disturbing that prices on hotel websites were affected by cookies. For instance, the participant perceived prices to be lower on an iPad in incognito mode, where the collection of cookies is restricted, in relation to prices on a PC where previous searches were related to hotels and travel. This in turn was perceived to create a strange relationship between consumers and the company; the website was expected to provide the lowest possible price alternative, yet forced the participant to delete cookies in order to receive the best price.

In the second focus group, no one had searched for the meaning of cookies. When asked why, the discussion turned to what could really be done about cookies, in that cookies were something that always existed wherever you went in online environments. The participants felt that there was no real choice, and that if one wishes to be online, that

individual is forced to accept that cookies is part of that experience. Another participant said that cookies were too complicated to understand and therefore just accepted their use by companies.

In the first focus group, all participants accepted cookies most of the time. The remaining time they ignored cookies. One participant said that ignorance of cookies was common initially, yet to get rid of the constant pop ups acceptance would eventually be the outcome. Another participant said that the exit icon on the pop up window was usually the initial response, and the discussion turned to what this meant. Most participants were unsure of what happened, or thought that this meant that cookies were not accepted.

In the second focus group, one participant never accepted cookies when searching for train tickets, thinking that rejection of cookies would make the participant a new customer from the website's perspective. This in turn would result in prices which had not been affected by previously collected information. Here, one participant suggested that this process no longer applies, as companies use the IP addresses of consumers instead. Again, the discussion about no alternative to accepting cookies emerged, and one participant showed awareness that just by using the website, cookies were accepted whether the actual "I Accept" button was pressed or not. Some participant simply accepted cookies in order to get rid of the annoying pop up box. This prompted some participants to acknowledge a sense of hopelessness, that as an individual it is impossible to affect the use of cookies. Instead, in order for something to change, larger organizations would have to acknowledge the privacy issues related to cookies, and take measures to protect individuals. Another participant elaborated, stating that there were no concerns if companies collected personal information, as long as that information was not sold to a third party. This was because the participant did not want the company to earn revenue by selling personal information. If said information would be sold to a third party, certain privacy issues would arise. Here one participant disagreed, stated that information sold to a third party would not be of concern, unless that information was used to hurt the participant in any way. At this moment however, the participant was not affected nor concerned about it, realizing that a continuous risk of being hacked existed yet had no actual effect on the participant's behaviour. One participant also noted upon the impossibility to remain anonymous, since several companies have

already collected much information. This in turn would most likely make it easy for hackers to access personal information. Moreover, participants voiced concerns about uncertainty of how such personal information is used by companies. Furthermore, one participant realized that as technology becomes more advanced, it would be possible to exploit personal information in ways currently unimaginable, which was a frightening idea. The discussion ended with a participant raising concerns in the event of companies altering their terms of agreements without anyone noticing.

When asked if specific websites affected their possibilities of accepting cookies, the participants in the first focus group said that they would rather click the exit button, and thus perceiving to reject cookies, on websites which they had not visited before. If visiting websites which were trusted by the participants, acceptance of cookies was more likely.

In the second focus group, all participants agreed that if it was a website they knew, they would be more likely to accept cookies than if the website was unknown or never before visited. Again, the discussion of no alternative to accepting cookies emerged and they concluded that acceptance of the use of cookies was inevitable. The only realistic alternative was to leave the website, which could occur if trust in the website or company was lacking.

Participants of the first focus group stated that as long as personal information was not used to exploit them as individuals, there was no real concern about the collection of their data. One participant felt that it was pointless to be against the collection, since nothing could be done about the fact.

In the second focus group, the same participant which had previously voiced concerns about companies selling personal information to third parties, raised these concerns again. Another participant was more concerned to whom that information would be sold to, and what purpose they would have for purchasing it. Here the participant argued that a transparent company which offered explanation as to how the information is used and/or sold would be preferable. One participant voiced that the collection of personal information was just a part of being in online environments, and that the fact that companies collect information had never really been considered or thought of. A

participant suggested that companies should provide consumers with the alternative to saying no to being tracked, just like they provide alternatives to saying no to e-mails and newsletters.

A participant in the first focus group stated that disclosing information such as credit card and personal addresses were rarely provided, because such information felt vulnerable to disclose. One participant extended this, showing awareness that people could easily steal credit card information, but that it was relatively easy to reclaim what was stolen. Because of two-way authentication and other safeguards, the participant felt safe despite being aware of the risks. This feeling of safety, due to safeguards and two-way authentication, was collectively shared among all participants. Another participant stated that pictures on Facebook and Snapchat were easily accessible to others since users of those services had already accepted the terms and conditions of their use, and as such allowing companies to do whatever they want to with the pictures.

A participant in the second focus group stated that disclosing personal information a few years ago was an issue, yet that today that issue was no longer present because of the unavoidability of it. The participant further argued that because personal information has already been disclosed in various pages online, the information is readily available for others to use. The discussion turned to functions in online environments where consumers are asked if they want to save credit card information for quicker, future purchases. Here the participants were divided in their opinions, with most stating that they would never use such a function, and the remainder had no issues with it. The participants without issues argued that the credit card number is not enough information for hackers to use in order to steal from them. Other things, such as security measures, two-way authentication and passwords would be required for theft to occur. Therefore, these participants argued that providing their credit card number would not increase the risk of being hacked or stolen from. The discussion continued with one participant stating that if provided with the alternatives of either creating or not creating an account on an online retailer while attempting to purchase a product, the participant would rather not create an account.

Generally, no participant in the first focus group was worried that disclosed personal information would be used against them. One participant argued that this information in

online environments was not important, leaving the participant unconcerned. The discussion began to involve different types of personal information, such as personal identity number and credit card information. Here, as previously discussed, the retrieval of stolen finances from a credit card was considered more easily done, compared to when an individual's personal identity number would be stolen. Moreover, while the disclosure of names and e-mails were commonly accepted, credit card information and personal identity numbers would only be disclosed on trusted websites.

The participants of the second focus group agreed that there was a risk that, for example, credit card information could be hacked and used against them, but they also agreed that the chance of that happening was very unlikely. The discussion turned to the possibilities of technology, in that future advanced technology would likely result increased risks of being hacked. However, this would in turn also improve technology of safeguards and countermeasures, which in turn would counter the increased risks. One participant showed awareness that there is always a risk of being hacked, and that it is impossible to be completely protected, yet also displayed no concerns of it presently.

In the first focus group, again, participants agreed that as long as information provided was not used in a harmful or uncomfortable way, they felt okay with the process. One participant had become a member of a website because of what the website could provide, perceiving that it was acceptable for the website to use personal information due to this exchange. One participant also noted upon the functions which certain websites use when an individual purchases a specific product. Upon this, the participant speculated that social media sites such as Facebook could display this purchase, allowing friends of the consumer to see what had been purchased. This in turn was argued could lead to unintentional disclosure of sensitive information, which would not be appreciated.

The participants of the second focus group discussed that they expected advertisements from companies which they had provided information to. The discussion then turned to feelings of annoyance regarding the default settings on websites, which meant that e-mails were consistently sent out to the participants unless they explicitly and actively chose not to partake of these e-mails.

In the first focus group, one participant stated that when searching for something on Google, relevant advertisements can appear on any website. Another participant agreed, and elaborated that every website feels connected to one another, and that information disclosed on one website could appear on many more.

Participants of the second focus group could rarely recall if they had disclosed personal information to companies or websites, and that either way, it would not matter or make a difference. The participants recalled their prior discussion, in that they were so used to advertisements making most of these advertisements unnoticeable.

All participants in the first focus group showed awareness that there exist means of confirming a website's information handling. However, all participants also assumed that these were lengthy text documents which would be time consuming to read. They also assumed that the language of these texts was cryptic and dull, discouraging them from reading. They felt that if they were looking for a specific product in their spare time, reading such unnecessary information felt burdensome. Again, they discussed the hopelessness, in that rejecting the terms of agreement of a website was not an option.

In the second focus group, one participant was aware that websites sometimes provide texts which presents a website's information handling, yet these texts were considered to be too lengthy to read. Another participant assumed that all websites are likely to have a privacy section, but rhetorically asked why anyone would search for it since there was nothing to be done about the fact by any sole individual. The discussion turned to whether or not a privacy policy would change the attitude towards the website. Here one participant argued that the attitudes depended on trust to the brand on the website than anything else. Another participant continued, stating that the only relevant information when shopping online was if the website had return policies should he be dissatisfied with the purchased product. Furthermore, the participants stated that they had a general idea of what was stored and how it was collected, even if the company did not explicitly tell them.

No participants in the first focus group had read the privacy policies. The participants had not done this since they perceived it to be time-consuming, and that they generally

thought it did not matter. Many participants were furthermore unsure what to do with the information.

Only one of the participants in the second focus group had briefly read such a policy once. The others however had never done this. Most did not care about its content, and generally felt that nothing harmful would ever occur. One participant felt that major companies had no incentives to hack individual consumers, as this would result in bad public relations. One participant stated that privacy concerns used to be an issue in online environments, yet since the participant had accepted that this information was irrevocable, there was nothing to be done. In a way, the participant felt that it was too late to be concerned. Another participant stated that if companies were more efficient in using personal information to produce personalized advertisements, the participant would provide even more personal information. For example, applications on smartphones uses location as a variable to provide personalized messages, such as if a nearby train is late, or to display local weather reports. If online personalized advertisements were to have this level of personalization, the participant would have no issues with companies having the information.

5 Analysis

The following chapter contains an interpretation and pattern-matching of the empirical material in relation to the theoretical concepts. Moreover, it contains elements and aspects which were not discussed in the theoretical foundations of this thesis, yet were apparent in the empirical material.

5.1 Consumer Perceived Benefits

Montgomery and Smith (2009) state that personalization of advertisement content towards a specific individual is supposed to increase the relevance of information. Empirical findings of this study are in alignment with such a claim. For instance, content of personalized e-mails was closely related to previous website history and prior purchases from online retailers. Similarly, in the context of personalized banners, the content was of higher relevance due the perceived personalization originated from disclosed personal information. Personalized websites did likewise increase relevance of content, through continuous use of the website.

However, it appears that to consider relevance of content as the only aspect which should appeal to consumers, is to delimit oneself from the entirety of the matter. Empirical findings of this study suggest that content of personalized e-mails, websites and banners, although highly relevant to previous searches and website history, is not necessarily what consumers are looking for. As such, while relevance is a consumer benefit of online personalized advertisements, its success appears to be dependent on other elements. Alone, the relevance of advertisements appears to be insufficient in appealing to the interests and preferences of consumers.

For instance, in the context of personalized e-mails, empirical findings suggest that e-mails received after purchase were perceived as annoying and irritating. While the content of these e-mails was highly relevant, in that they contained information closely related to the recent purchase, the arrival of them at this point in time was perceived as something negative. Instead, had these e-mails arrived prior to the purchase, their reception might have prompted a more positive response. Similarly, personalized banners were considered to be aligned with previous website and search history, yet their display prompted divided responses. Despite relevant content, the banners were perceived to be irritating and annoying when encountered after a purchase of a product

related to the displayed banner. In this sense, banners were considered as annoying, constant reminders of an already purchased product, sometimes displayed over a long period of time. However, prior to a purchase, banners were perceived to oftentimes be positive in their presence. If their content included price comparisons of products of interest, or acted as reminders of an undecided purchase, consumers acknowledged a benefit of their display.

These findings suggest that relevance of information by itself is insufficient in appealing to consumers. Instead, the benefit from a consumer perspective appears to be dependent on the *timing* of the displayed content. The findings suggest that advertisements must contain not only relevant information, but also be displayed at the appropriate time in order to be perceived as beneficial for consumers. Consumers appear to have negatively associated responses to personalized e-mails and banners when encounters with such advertisements occur post purchase. In this way, inopportune timing appears to have a negative influence on how consumers perceive the benefits of personalized e-mails and banners, no matter the relevance of the content. However, had the same relevant information been displayed prior to a purchase, the findings suggest a reverse scenario. Consumers, when encountering relevant advertisement while currently in a purchase process, appear to perceive these advertisements as relevant and beneficial.

As such, timing of an advertisement appears to influence how consumers perceive displayed content. However, further empirical findings also indicate that *suggested content* of products or services relevant to prior searches, were perceived as positive in the communication channels of e-mails and banners. Consumers expressed positive perceptions when, for instance, personalized e-mails contained suggested material relevant to products previously browsed. Similarly, consumers desired suggestions of related and relevant products rather than products previously searched for in personalized banners. Even post purchase, where consumers commonly found material irritating and annoying, suggestions of products appear to mitigate this irritation. This implies that suggested products delimit themselves from the influence of timing to a certain extent. In a way, suggested content appears to be superior in relation to already searched for or purchased products, despite point of time in the purchase process. Prior to purchase, both previously searched for products and suggestions can be perceived as

beneficial from consumers. However, post purchase, suggestions appear to be the sole cause of beneficial perceptions of consumers.

Here, it is of interest to note that consumer irritation was relatively absent from the context of online personalized websites. Advertisements in this *channel of communication* were perceived as positive, because their content primarily included suggestions rather than previously searched for or purchased products. The empirical findings imply that consumers perceived suggestions on personalized websites as material which was not pushed or forced upon them. Rather, because of their intention to browse or purchase on retailing websites, they were more open to these suggestions. The empirical findings imply that while in the context of visiting online retailer stores, consumers' mood and their intentions with the visit, i.e. to purchase or browse, made them more perceptible for suggestions, as these felt to fit in the context. Regarding personalized banners and e-mails however, this mood and subsequent intentions to purchase or browse appear to be absent. This suggests that in these contexts, consumers furthermore appear to be less receptive of purchasing products in general. As such, consumers seem to perceive personalized advertisements differently depending on the channel of communication in which they are displayed.

In continuation, product and service suggestions which require *no further financial investments*, apart from the monthly subscription, on personalized websites are of discernible interest. Empirical findings suggest that consumers perceive Spotify and Netflix to be suppliers of suggestions of this nature. The suggestions of these websites were perceived to be both highly relevant and enjoyable. These suggestions were based on previously watched movies or listened to songs. Another website which offered personalized suggestions which were greatly appreciated and beneficial for consumers included Google Maps, and online based applications on consumers' smartphones were also of note in this regard. Google Maps for instance provided suggestions routes based on personal preferences and location-based tracking. Smartphone applications acted in similar manners, notifying consumers of nearby events which could be of interest, such as current weather conditions and delays in public traffic. These empirical findings imply that consumers have great appreciation and benefit for suggested content when such suggestions are displayed to provide further value, at no additional cost. The suggestions do not attempt to sell any kind of product or service, but rather attempt to

increase the consumer's value of the website's functions which the consumer is already paying for. Moreover, when no further financial investments are required for consumers to acquire increased product value, empirical findings suggest that decreased relevance and decreased alignment with consumer preferences of suggestions do not necessarily generate negative perceptions of the suggested content. This could further imply that had the suggestions required further financial investments from the consumer, the decreased relevance and decreased alignment with consumer preferences could result in the suggestion being perceived as annoying and irritating instead. Essentially, this implies that when consumers are aware that personalized websites make suggestions for consumers to further enjoy the purchased content without further financial investments, negative perceptions might be mitigated.

Suggestions were a major aspect which protruded during the discussions of this study, and a variation of great interest and benefit were discounts. Particularly, these discounts were discussed in relation to food and clothes, and subsequently consumers' *level of involvement* of a product. Personalized e-mails from grocery stores containing discounts on food which had been frequently purchased were greatly appreciated. Discounts on clothes however were generally not as positively perceived. Unlike previous discussions, which have advocated a negative consumer perception of displayed advertisements of previously searched for or already purchased products, these findings imply an exception. Food discounts appear to generate a positive response, despite being previously purchased products. Discounts on clothes however were not perceived in the same positive nature. It appears as relevance plays a large role here, seeing as relevance needed to align more properly with the preferences of the consumer while encountering discounts on clothes, for those discounts to be perceived as beneficial. Regarding food, the empirical findings suggest that this alignment was not as important, in order for consumers to perceive the discount as more beneficial. Considering that consumers thought of food as products frequently purchased, and clothes as products which were purchased less often and with greater consideration, these findings suggest that consumers' level of involvement of a product might have implications to the perceived benefits. Consumers appear to enjoy discounts on low-level involvement products such as food, purchased more frequently and with less consideration. However, discounts on products which, from a consumer perspective, demanded greater attention and care were not perceived to be as positive. When consumers received

discounts on specific clothing products for instance, the discounts were perceived less positively since that specific product was rarely what they were looking for. Further, the reception of discounts of low-involvement products such as food through personalized e-mails appears to be less influenced by the timing of the advertisements displayed. The empirical findings of this study suggest that timing have a notable influence on consumers' perceptions regarding online personalized advertisements. However, these findings imply that the element of timing does not appear to be as important in regard to the perception of advertisements of low-involvement products such as food.

Furthermore, personalized e-mails were often discussed in close proximity to *annoyance* and *avoidance*. Empirical findings imply that e-mails were perceived to be a serious channel of communication, and that their use should reflect that level of seriousness. Advertisements which appeared through e-mails were often discarded as spam or completely ignored by consumers, due to their frequency and the low relevance if their content. The findings suggest that initially consumers appear to intrinsically believe that e-mails are of importance to them, yet quickly realize that the content is irrelevant and subsequently annoying. While certain positive aspects of personalized e-mails have been addressed among consumers, this irrelevance and annoyance appear to overshadow any perceived benefits, ultimately making consumers take measures to avoid these e-mails. This implies that personalized e-mails appear to be a negatively perceived channel of communication for the reception of advertisements among consumers.

Certain elements of the empirical material were not as extensively discussed, yet may still provide valuable insights into the perceptions of consumers. For instance, frequent personalized e-mails sent from competitors of a current service provider were consistently ignored, since satisfaction of current service provider was high. This empirical material implies that consumers' perceptions of the benefits of personalized e-mails might depend on *the level of satisfaction with current product/service provider*. While the content sent from competing providers might be relevant to the consumer, such content might be dismissed based on the satisfaction with the current provider. This in turn could suggest that a decreased consumer satisfaction with the current provider could increase the relevance, and as such the benefits, of these personalized e-mails. In short, displeased consumers might perceive competing offers as more relevant.

Another element which was not discussed as extensively was the authenticity of personalized advertisements. Consumers appeared to consider personalization in terms of standardization, that while content was perceived as personalized, the extent of this personalization was considered a *level of perceived standardization*. Consumers believed to recognize when personalization was done through simple lines of code, which resulted in displays of their names in advertisements. This level of personalization felt standardized and unauthentic. However, when these codes were perceived to be more developed, resulting in suggestions of music to listen to or movies to watch, the personalization effort felt more customized and advanced. This level of perceived standardization appears to imply that consumers generally have an idea of what personalization could include, and thus might act as expectations from consumers. When this level of personalization does not align with these expectations, it appears that consumers might perceive the personalization efforts as disappointing, resulting in negative consumer perceptions.

The empirical material gathered in this study suggests certain alignments with contemporary research, yet also deviates in various aspects. Zhu and Chang (2016) state that relevance of online personalized advertisements can influence consumer responses, resulting in favourable attitudes and higher attention paid towards the advertisement. This is similarly supported by other contemporary research (De Keyser, Dens & De Pelsmacker, 2015; Tucker, 2014; Wang et al., 2015). While the empirical material of this study suggest that relevance indeed might influence consumers' favourability and positive perceptions, relevance by itself appears to be just as likely to prompt negative consumer responses towards online personalized advertisements. However, these responses appear to be influenced by more than relevance. The timing of the advertisement, choice of channel of communication, and further financial investments are among the elements which combined with relevance, influences the perceptions of the consumers. Therefore, in order for consumers to perceive advertisements more favourably through increased relevance, the empirical material suggest that these elements also need to align with the consumer.

5.2 Consumer Perceived Risks

Dinev and Hart (2004) explain perceived risk as a product of an *innate expectation* within consumers, that institutions which possess personal information about an individual will use this information in negatively affecting manners. Empirical material of this study suggest that such a risk is present among consumers. For instance, personal information which was sold to third parties was frowned upon, as there existed uncertainties on how that information would be used and if it would be used in harmful ways. Moreover, certain types of information such as credit card information and personal identity numbers, were generally disclosed more carefully because of a sense of vulnerability among consumers. This vulnerability appears to be founded upon an innate expectation among consumers, that the disclosure of such information will repercuss negatively.

However, the empirical material of this study implies that this innate expectation appears to be negligible. Consumers are aware of the risks, that personal information can be accessed by others and used to exploit the consumers, yet also appear to be unconcerned about these risks. Behaviourally, the empirical material suggest that the negligibility of the risks results in no effects on the consumers. In short, the risks do not appear to alter the behaviour of consumers in online environments. Among the aspects which can act as cause for this are *safeguards*. While consumers appear to be aware of the risks, safeguards such as two-way authentication and passwords seem to remove the perceived risks almost completely. Consumers' trust in these technological countermeasures appears to outweigh the risks, which in turn might suggest that the action of extending an individual's protective efforts to other parties is of appeal and interest to consumers. In a way, it appears as consumers enjoy sharing protective responsibilities with technological countermeasures provided by third parties.

Further reasons diminishing the perceived risks among consumers appear to be a sense of *hopelessness* in an online context. It seems as consumers on an individual level have given up on the attempt to restrict the availability of personal information in online environments. Whether this availability refers to when companies and websites collect such information, or when individuals themselves disclose it, does not seem to be of importance, as empirical material suggest that consumers have an *acceptance* about the fact that personal information is available online. Consumers appear to generally

consider online environments to be highly intertwined, in that personal information which has been disclosed on one website could result in its use on many others. This awareness in turn might imply that consumers' perceived risks are overshadowed by a sense of hopelessness and acceptance while being online. Similarly, the collection of information through cookies for instance, appears to also be connected with acceptance and hopelessness. Cookies are perceived as parts of online environments which act and exist everywhere, and consumers feel like these are impossible to avoid. Due to this impossibility, there is no point in challenging its use. Since consumers are aware of the availability of their information, there is no point in trying to restrict it. This sense of hopelessness appears to be extended to anonymity, with consumers realizing that attempting to be anonymous in online environments is impossible. Generally, consumers appear to be aware that their personal information is readily available, resulting in acceptance of its existence.

Moreover, the hopelessness seems to be apparent in various circumstances online. For example, consumers seem to have several misconceptions regarding the use of cookies, and uncertainty concerning the nature of cookies is discernible. The empirical material suggests that this uncertainty and variety of misconceptions stem from the fact that consumers have not attempted to seek explanations or further information regarding the meaning of cookies. This in turn implies that consumers possess a hopelessness, in that there is nothing to gain from such knowledge, since, as an individual, such knowledge would amount to nothing. Even if consumers would have the knowledge of how cookies work, any negative aspects of their use would be impervious to the actions of any individual. This same reasoning among consumers seems to be apparent regarding websites' information handling policies. In this instance too, consumers have misconceptions of the content of these policies, due to a sense of hopelessness. Even if they would bother with reading these policies, due to either concern or genuine interest, consumers perceive that such knowledge would be useless. Essentially, it appears that consumers perceive their situations in online contexts as hopeless, where they have no incentives to attempt to increase their knowledge of how websites use their personal information. However, it is interesting to consider that if consumers instead had incentives to increase their knowledge of how websites use personal information, this hopelessness might be diminished, since such knowledge could result in restriction of the availability of personal information.

Empirical material furthermore discloses that perceived risks altered consumers' behaviour in the past, while also providing findings that this is no longer the case. This might imply that consumers' perceptions of risks have changed over time. In the past, consumers held concerns in regard to disclosing personal information, yet seem to have changed in this aspect. Findings of this study suggest three main aspects which could be connected to this change. The hopelessness which consumers appear to possess in online contexts, in the sense that an individual's actions are inconsequential, has prompted an acceptance among consumers, that restriction of availability of personal information is impossible. Similarly, the development and application of technological safeguards also could have added to the culmination of the change. Together, it appears as if these three aspects have diminished consumers perceived risks of personal information disclosure over time.

In continuation, given the fact that consumers previously had issues with disclosing personal information online, the hopelessness seem to have been less apparent in the past. Perceptions that online environments were not as intertwined could have made consumers concerned rather than hopeless, since they might have believed that their individual actions would have an effect on the restriction of the availability of personal information online. This suggests that it was not until consumers realized the extensive connectivity of online environments, and that caring about disclosure of personal information was pointless, that their concerns turned to hopelessness.

Regarding consumers' perceptions of covert and overt data collection, Aguirre et al. (2015) state that covert methods can result in negative perceptions, while overt collection methods can minimize negative consumer perceptions. Findings of this study seem to suggest that the previously discussed hopelessness and acceptance have implications in this, since consumers generally are unconcerned with either data collection method. Even if companies explicitly inform consumers of privacy policies, cookie policies and information handling, consumer perceptions appear unchanged, since reading such information is not seen as advantageous or useful. As such, this study's findings argue that the nature of a website's data collection methods have no implications for the perceptions of consumers. Instead, it appears that consumers have accepted the fact that websites collect data, and whether they are overt or covert does

not appear to matter. Furthermore, regarding these data collection methods, the speed of which personal information was displayed in form of online personalized advertisements, appeared to be a negatively perceived matter. These findings suggest that when information is used in such a fast manner, consumers might be reminded of how fast personal information becomes available.

Continuing with the theoretical findings of contemporary research, Aguirre et al. (2015) and Dinev and Hart (2004) argue that positive experiences derived from the disclosure of personal information will decrease consumers' privacy concerns. The findings of this study however, suggest that the disclosure of personal information, resulting in positive experiences, is not necessarily affiliated with privacy concerns. Consumers' perceived risks appear to be miniscule, only slightly fluctuated by the disclosure of increased sensitivity of information, such as credit card information, or the context in which this information is provided. In a way, increased benefits, or positive experiences, do not seem to result in decreased perceived risks or privacy concerns. Instead, consumers merely possess an awareness of the risks, which is not influenced by the benefits. Moreover, empirical findings suggest that consumers have no issues with increasing the amount of personal information disclosure, if such information is used to their benefit. Furthermore, Zhu and Chang (2016) argue that the relevance of online personalized advertisements mitigates consumers' privacy concerns. This is not something that is apparent based on the empirical findings of this study, as privacy concerns is not affected by the relevance of the advertisements. Instead, consumers appear to be willing to disclose more personal information in exchange for increased relevance. This in turn implies that as long as consumers perceive personalized content to be beneficial, disclosing additional information would be acceptable as the risks are negligible.

6 Conclusion

Empirical findings of this study suggest that consumers' perceived benefits, in form of relevance of online personalized advertisements, by itself appears to be insufficient in appealing to the interests and preferences of consumers. Instead, consumers' perceptions of relevance appear to be dependent on several elements. Among these is *timing* of the displayed advertisement, in that advertisements appear to be most beneficial when encountered at a suitable time while still containing information which aligns with the interests and preferences of consumers. The findings suggest that when encountered prior to purchases, online personalized advertisements are perceived as both relevant and beneficial. In contrast, post purchase encounters with similar advertisements prompt negative responses among consumers.

However, an element which appears to be less influenced by timing, to a certain extent, is *suggested content*. Despite unsuitable timing, suggested content appears to be less negatively perceived than online personalized advertisements related to previous searches and prior purchases. When displayed prior to purchase, suggested content might be perceived as beneficial and positive for consumers. These benefits appear to increase when suggested content require *no further financial investments*, and only acts to provide consumers with additional value. In a way, suggested content appears to be perceived as superior for consumers. Moreover, suggested content seems to increase the relevance of online personalized advertisements for consumers.

Relevance also seem to be influenced by the element of *channel of communication*. Consumers' perceptions of online personalized advertisements appear to differ depending on the channel of communication in which they are displayed and encountered, such as e-mails, banners and websites. Essentially, it appears as if consumers perceive online personalized advertisements to fit better in certain contexts.

Moreover, relevance and subsequent benefits appear to be influenced by a *level of perceived standardization* among consumers. The findings suggest that consumers have an understanding of what personalization efforts in online contexts can entail, and when this level of personalization is not met, consumers might become disappointed, perceiving personalization to be a standardized act.

Regarding consumers' perceived risks, the empirical findings of this study suggest that while there exists an *innate expectation* of negative repercussions through personal information disclosure online, this innate expectation likewise appear to be negligible. Instead, consumers display an awareness of the risks involved, yet seem to be unconcerned about them, resulting in no apparent effect on their behaviour. Trust in *safeguards* and countermeasures, seem to diminish the perceived risks to a large extent. In addition, it seems that consumers are willing to disclose additional personal information in order to receive further benefits of online personalized advertisements.

Furthermore, the negligibility of consumers' perceived risks seems to be a consequence of a sense of *hopelessness* and subsequent *acceptance*. Generally, in online environments, it appears as if consumers on an individual level consider the restriction of the availability of personal information to be a lost cause, and have inevitably accepted that the information is readily available. As such, while consumers are aware of risks in online environments, their individual perceived risks are inconsequential. It seems in a way, that consumers on a daily basis ask themselves the question: "Why even bother?".

7 Implications

While generalizability of an explorative study is not of great concern, it is still important to note upon the limitations of the empirical findings. Through convenience sampling, the choice of participants might have implications upon the findings and subsequent analysis of this study. In continuation however, the primary reason for conducting this study was not to generalize beyond the confinement of the sample, but to explore underlying reasons and opinions regarding consumers' privacy concerns in online personalized advertisements. As such, the conclusion should not act as generalizable material, but to provide further insights into the subject at hand.

7.1 Practical Implications

The results of this study can have implications for marketers and advertisers. The sample of this study consisted of a segment which appear to have negligible privacy concerns, which in turn suggests that the efforts of decreasing privacy concerns within this segment are redundant. However, this might not be accurate within other segments.

Moreover, insights of this study suggest that various elements appear to influence consumers' perceptions of online personalized advertisements. In practice, it seems as marketers and advertisers need to consider timing of displayed content just as much as the actual relevance of it. Similarly, it appears as if consumers perceive suggested content to be more beneficial than content containing previously searched for products, which could be opted for in practice. Further insights also indicate that the channel of communication in which advertisements are encountered have implications for consumers' perceptions. Therefore, marketers ought to more carefully consider the channel of communication through which they reach their targeted audience.

7.2 Theoretical Implications

Insights of this study seem to suggest that relevance of online personalized is dependent on other elements. As such, while the value of relevance is of theoretical importance, this study suggests that elements such as timing and channel of communication is of similar importance. These insights, combined with the empirically gathered aspects and elements of benefits and risks, contribute to the research field of privacy concerns in both general online environments as well as in online personalized advertisements more specifically. Furthermore, the insights contribute to a better understanding of the

theoretical foundations which act as cause for the aforementioned discrepancy in contemporary research. By exploring these foundations, this study adds to the existing knowledge of such research.

Furthermore, this study contributes with suggested reasons for why consumers might no longer perceive the risks in online environments to be of any considerable consequence, in contrast to privacy concerns in the past.

7.3 Future Research

Future research could explore risks and benefits with differing samples. These perceptions might vary across variables such as age and culture. How people of differing ages perceive privacy concerns, and the benefits and risks of online personalized advertisements, may provide further understanding of the research area. Similarly, cultural differences may have implications upon consumers' perceptions.

Other demographical variables could be of interest to future research. A sample of participants which have had negative experiences through the disclosure of personal information might generate differing results than this study. This in turn could provide valuable insights into the risks associated with such disclosure.

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Appendices
Appendix A

Introduction

This session will be about online personalized advertisements. Online personalized advertisements are any advertisements that are specifically tailored to you as an individual, based on information about you that has been collected while you are online. They can come in forms such as e-mails and website banners. For example, you visit google.com, on which you actively search for a specific book, and you end up on adlibris.se. Subsequently, you visit facebook.com, on which you see a commercial from adlibris.

Without any discussion, please write down what thoughts or opinions you have on this process.

Questions

Q1 Have you ever encountered what you perceive to be an online personalized e-mail?

Q1.1 What do you consider to be positive aspects of online personalized e-mails?

Q1.2 In online environments, do you perceive that e-mails are personalized to you?

Q1.3 Do you think that the content of these e-mails is relevant specifically to you?

Q2 Have you ever encountered what you perceive to be an online personalized banner?

Q2.1 What do you consider to be positive aspects of online personalized banners?

Q2.2 In online environments, do you perceive that banners are personalized to you?

Q2.3 Do you think that the content of these banners is relevant specifically to you?

Q3 Have you ever encountered what you perceive to be an online personalized website?

Q3.1 What do you consider to be positive aspects of online personalized website?

Q3.2 In online environments, do you perceive that websites are personalized to you?

Q3.3 Do you think that the content of these websites is relevant specifically to you?

Q4 Do you know what cookies are?

Q4.1 Have you ever actively looked for an explanation concerning the meaning of cookies?

Q4.2 Do you accept cookies?

Q4.3 Do specific websites affect your possibility of accepting cookies?

Q5 What are your thoughts on the fact that companies collect your information, and targets you individually through personalized advertisements, in the form of banners, e-mails and websites?

Q6 What are your thoughts on disclosing personal information in online environments?
Q6.1 Do you have concerns that the information you disclose online will be used against you?

Q7 What are your attitudes towards online personalized advertisement on websites which you are aware that you have provided information to? For example, websites where you have created an account, providing the company with your personal information.
Q7.1 What are your attitudes towards online personalized advertisement on websites which you are not aware that you have provided information to?

Q8 Are you aware that certain websites provide means of confirming how the information they collect about you is used?
Q8.1 Have you ever read the privacy policy of a website?