

Why Is It Still Here? Examining the Determinants of Consumer Avoidance of Personalized Advertising on the Web

Satomi Hasuoka, Keio University, Tokyo

Takashi Irei, Keio University, Tokyo

Takashi Naito, Keio University, Tokyo

Hideki Sumita, Keio University, Tokyo

Haruka Tsuchiya, Keio University, Tokyo

Akinori Ono, Keio University, Tokyo

Keywords: *personalization, ad avoidance, irritation, privacy intrusiveness, boredom*

EXTENDED ABSTRACT

Research Question

Personalization is one of the major characteristics of Internet advertising. Advertisers can personalize their advertisements (ads) and make their promotional marketing messages match individual consumers' needs by analyzing consumers' information on the Internet. Today, more and more firms, such as Google, Yahoo!, eBay, and Facebook, use personalized Internet advertising as an effective marketing communication tool. However, consumer reactions to such ads may not always be positive. What determines consumer avoidance of personalized online advertising becomes important for advertisers to understand. Based on psychological reactance theory, Baek and Morimoto (2012) proposed and tested a structural model describing determinants of consumer avoidance of personalized ads.

However, their model does not apply directly to Internet advertising because they focused on unsolicited text messages and e-mail ads. In this study, we developed and tested a new model to describe the determinants of consumer avoidance of personalized Internet advertising, proposing the following hypotheses: irritation has a positive impact on ad avoidance (H1); perceived privacy intrusiveness has a positive impact on irritation (H2) and on ad avoidance (H3); perceived usefulness has a negative impact on irritation (H4) and on ad avoidance (H5); and perceived boredom has a positive impact on irritation (H6) and on ad avoidance (H7).

Method and Data

To test the proposed model, we applied structural equation modeling to a consumer dataset. We used multiple scales developed by previous studies. Some indices, like scale composite reliability (SCR) and average variance extracted (AVE), suggested good reliability and validity. We administered a consumer survey to students in a business school. They were asked to recall an experience in which they shopped for an item online one day and then were exposed to personalized Internet ads for the item on another day. To examine whether the proposed model fit the data better than alternative models, we used three competing models.

The results of analysis showed that the proposed model fit the data. All parameter estimates had adequate signs, as previously hypothesized, and were significant to the 1% or 5% level, except H3. The results of the Sobel test indicated that the relationships between ad avoidance and the three determinants were mediated by irritation. The proposed model had more favorable Akaike Information Criterion (AIC) than all competing models. Also, for the proposed model, Goodness of Fit (GFI) and Comparative Fit Index (CFI) were highest, whereas Relative Chi-square (χ^2/df), Standardized Root Mean Square Residual (SRMR), and Root Mean Square Error of Approximation (RMSEA) were lowest, suggesting a closer fit of the data to the model than to the competing models.

For further information contact: Satomi Hasuoka, Faculty of Business and Commerce, Keio University (e-mail: hasuoka.satomi@gmail.com).

“Why Is It Still Here? Examining The Determinants of Consumer Avoidance of Personalized Advertising on The Web”

Summary of Findings

First, the results of structural equation modeling show that irritation has an impact on ad avoidance; if a consumer is irritated by personalized Internet ads, he/she is more likely to avoid the ads. Second, the results show perceived privacy intrusiveness produced by personalized Internet advertising may irritate consumers, but this may not make them avoid such ads. This may be because tracking of personal information is already common practice. Third, the results show that the perceived usefulness of personalized Internet ads may have a direct negative effect on ad avoidance as well as an indirect negative effect, mediated by irritation; if a consumer perceives that a personalized ad is useful, he/she is less likely to be irritated by it and therefore less likely to avoid the ad. Finally, the results show that boredom may have a direct positive effect on ad avoidance and an indirect positive effect via irritation; if a consumer is bored with a personalized Internet ad due to repetition, he/she is more likely to be irritated by and, therefore, avoid the ad.

Key Contributions

We developed a model to explain why consumers avoid personalized Internet ads. Our study contributes knowledge of this new issue to both researchers and practitioners.

For researchers, our empirical research indicates that ad irritation plays an important role as a mediator variable. In contrast, perceived privacy intrusiveness affects consumers' avoidance of personalized ads. However, the impact is indirect and relatively weak. Perceived boredom, which has not been a concern in previous studies of personalized ads, was shown to have a stronger direct impact on ad avoidance. This finding suggests the importance of accommodating wear-out effects, i.e., boredom. While perceived privacy intrusiveness and perceived boredom have positive impacts on ad avoidance and irritation, perceived usefulness has a negative impact via irritation.

For practitioners, our research suggests that the risk of ad irritation and avoidance could be mitigated when practitioners provide useful ads to the consumer. The results show it is important that practitioners pay close attention to dealing with personal information; however, at the same time, advertisers should try to provide a rich variety of personalized ads in their portfolio.

References are available on request.