

Personalized banner ads are a double-edged sword

July 23 2015

Sometimes consumers might appreciate a pop-up ad that reflects the merchandise they were recently browsing online, and sometimes they just might decide to spike it and thereafter avoid the seller that placed the ad. Retailers can learn about this behavior in the September 2015 issue of the *Journal of Retailing*.

In "The Importance of Trust for Personalized Online Advertising," Marketing Professors Alexander Bleier, of Boston College's Carroll School of Management, and Maik Eisenbeiss, of the University of Bremen, show how trust in a particular vendor affects the degree to which consumers will accept or reject a personalized banner ad.

The authors used field data and also designed a series of lab experiments to elicit such responses, using personalized ads that showed the consumer varying levels of information based on the consumer's browsing history at a particular online store. They wondered where people would draw the line at having the items they had looked at reflected back at them.

"For the more trusted retailer in our field study, we find banner click-through rates to increase by 27 percent," the authors write. Generally, they found that [consumers](#) preferred personalized ads that showed one of the items they had looked at, rather than all of them. Privacy concerns and discomfort with intrusiveness triggered the customers' [negative responses](#), especially vis-à-vis retailers that had not established trust with the consumer through positive prior experience.

In order to avoid triggering a negative response to personalized ads, the authors suggest ways retailers can enhance and gauge customers' trust in them before diving into the practice.

Provided by New York University

Citation: Personalized banner ads are a double-edged sword (2015, July 23) retrieved 2 May 2024 from <https://phys.org/news/2015-07-personalized-banner-ads-double-edged-sword.html>

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