

Consumer Perception of Personalized Marketing and how it Affects the Consumer Purchase Decision-Making Process

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ABSTRACT

The traditional style of marketing focuses more on broad client categories in certain geographic regions. Technology advancements have led to a radical kind of segmentation in which marketing now targets each individual consumer according to their unique requirements and preferences. This has led to a discussion of whether personalized marketing is something that create privacy concerns or benefits in the eyes of the consumer. This paper explores the purpose of consumer perception of personalized marketing and how the perception affects the purchase decision-making process. Specifically, the study was aimed to determine the effect of personalized marketing on consumer buying behavior online. Personalized marketing is the only way for each campaign to achieve the majority of its objectives because it makes it easier for customers to browse the Internet, optimizes their experience, and gets them closer to the brand. The extent of artificial intelligence and automated processes employed in the marketing sector indicates well for the future of personalized marketing. The data has been collected through online questionnaire. Our findings show that the consumer perception of personalized marketing affect the consumer decision-making process in different ways. When consumers have a positive opinion of personalized marketing, they are more accessible to it, which has an additional effect on the various stages of the process.

Keywords

Personalized marketing, Consumer perception, Past experiences, Privacy concerns, Consumer purchase decision-making process.

I. INTRODUCTION

We live in a connected age, and the consumer market is no different. Customers' expectations are now

expected to be exceeded, not merely met by businesses. The market of today is always changing, and it is crucial that businesses adapt by using

analytics and artificial intelligence (AI) to make the necessary changes to survive and thrive. A strong advertising and marketing strategy is no longer sufficient. Chief marketing officers (CMOs) are under a lot of pressure to modernize their approach to marketing as customer expectations change, competition gets more sophisticated, and information becomes more detailed. Their duties have become more sophisticated as a result, placing them at the center of organizational success. A CMO's difficulties include shifting to a virtual-first mindset, utilizing AI to produce more effective, more appropriate connections with clients, and effectively utilizing technologies to capitalize on information for insights-driven results. Personalized, AI-powered advertising and marketing is the answer to these problems. (Jaffery). The application of a strategy that enables businesses to provide clients with personalized content through data collecting, analysis, and the use of automated technology is known as personalized advertising. By speaking to each person as an individual, personalized advertising aims to genuinely engage consumers or potential customers. 2017 (Murray). Modern data collection methods, analytics, digital electronics, and digital economics have made it possible for marketers to personalize customer experiences.

The use of tailored marketing has expanded as customer requirements have been more understood. The Internet is increasingly competing with more established media like television and radio, and consumers are exposed to it constantly (Ashworth & Free, 2006). According to Internet World Stats (2019), 97.6 percent of people in Sweden routinely use the Internet, and as a result, e-commerce is increasing in popularity. E-commerce in Sweden climbed by 15% in 2018, accounting for about 9.8% of all retail sales in the nation (PostNord, 2019). Companies can now gather consumer information by monitoring internet behaviours. As a result, target group segmentation has changed from its traditional shape to one that is more

extreme. This extreme type of segmentation entails addressing each individual client directly with the offerings (Dawn, 2014). Companies can use the information gathered to deliver customised messages to each customer through, for instance, banner ads and pop-up windows.

With the introduction of pertinent and enabling technologies like DMP, geotargeting, and other types of social media, personalized marketing is progressing and has gained public interest. Many individuals now think that it will always be the starting point for marketing strategy and for future business success in cutthroat industries. Many consumers worry that corporations are exploiting excessive amounts of personal data to develop the targeted marketing strategies they utilize today.

Individual marketing, usually referred to as personalized marketing, has recently found use in brick-and-mortar stores. It was necessary to utilize a different technology method that is currently accessible and in use since the market was an order of magnitude larger than the Internet. Many merchants use discounts on things that are automatically chosen to appeal to the specific recipient to draw customers into their physical stores. The point-of-sale systems' recording of offer redemptions triggers interaction, which can then update each shopper's particular model.

A consumer's view of personalized marketing may be influenced by past experiences and privacy concerns, which may then influence their decision to make a purchase or not. The purpose of this study is to explore the consumer perception of personalized marketing and how the perception affects the purchase decision-making process.

II. LITERATURE REVIEW

The goal of this study is to better understand how consumers perceive personalized marketing and how their prior interactions and privacy concerns may have an impact on that perception. Our results

demonstrate that the customer's perception of personalized marketing is influenced by their prior experiences and privacy concerns, Dhruvi Paresh Solanki 2021. This thesis examines how consumers perceive personalized marketing and how that impression influences how they decide which products to buy. Results indicate that the decision-making process of consumers is affected by personalized marketing in a variety of ways. The consumer becomes more receptive to personalized marketing when they have a favorable opinion of it, which has an additional effect on the various stages of the process, David Fridh & Teodor Dahl, 2019. A study by Leng et al. (2020) found that personalized advertising was more effective in improving consumers' attitudes towards a brand than non-personalized advertising. Several studies have also found that personalized marketing can increase consumers' purchase intention. For example, a study by Lee et al. (2018) found that personalized product recommendations positively impacted consumers' purchase intention. While personalized marketing is generally perceived positively, consumers' privacy concerns can negatively impact their perception of it. A study by Yang and Lim (2019) found that consumers who were more concerned about privacy were less likely to engage with personalized marketing. A study by Krasnova et al. (2017) found that perceived relevance was a key factor in determining consumers' attitudes towards personalized marketing. A study by Gummerus et al. (2020) found that perceived control over personal information positively impacted consumers' attitudes towards personalized marketing. This thesis explores consumer perceptions of tailored marketing as a tool for customer relationship management in online purchasing scenarios. To maximize the impact of their marketing efforts, practitioners who deal with internet commerce should find the results to be quite helpful. main the research focuses on how much personalization is used in marketing messages, when it improves the customer-company relationship, and

when it is viewed as an invasion of privacy, Kajsa Pahlman, Emilia Waldenskiold 2013. The study's main objective is to create a conceptual framework to investigate the elements that affect customers' assessments during the decision-making process, with a particular emphasis on personalized dynamic pricing (PDP). The study looked at how PDP's judging influence affected customers' willingness to pay and how stickiness to the online store acted as a mediator between PDP fairness and customers' willingness to pay. By analyzing the factors that influence the fairness of the price of PDP, the study adds to the body of knowledge on pricing and marketing. The findings highlight the need to concentrate on an online store's stickiness in order to track consumer traits and customer value, Preeti R Gotmare 2021. Online personalization is regarded as a major trend for retailing in the future. Despite the extensive research and interest in online personalization among academics and industry professionals, there is still a lack of a comprehensive definition that can adequately represent its complexity. The purpose of this study is to analyses the definitions of online personalization in order to find commonalities and differences between them, Tekila Harley Nobile, Nadzeya Kalbaska, 2020. Consumers may emphasis different aspects of the customized advertising, which can cause the perception of personalized marketing to vary dramatically. However, because it is difficult to make an opinion regarding the psychological side and what occurs in one's subconscious, this is very difficult to foresee. The way a customer, consciously or unconsciously, chooses to concentrate on something affects how that something is seen as a whole. Thus, the basis for whether the circumstance is regarded as positive or negative can come from one's subconscious, Dahlén, Lange F & Rosengren. S 2017. Personalization in marketing is the practice of developing and manufacturing in a way that appeals to consumer preferences. Customers' cognitive load can be reduced via tailored content and products that take into account their preferences. This reduces

customer fatigue and decision-making time. Despite its significance, the literature on personalized marketing is still fragmented because there isn't a thorough review that unifies the field's theoretical foundation. Through a bibliometric evaluation combining performance analysis and science mapping, our study fills in this information gap. The report finishes with ideas for future research that will help advance personalized marketing, Shobhana Chandra, Sanjeev Verma, Weng Marc Lim, Satish Kumar, Naveen Donthu 2022.

III. Research Problem

Social scientific study has extensively employed the concept of benefits and concerns to comprehend online self-disclosure behavior as well as consumer attitudes toward tailored advertising. The majority of the research has focused on the advantages of customized communications' relevancy as well as the privacy issues these messages raise. The question of whether such a focus adequately captures the social mood, however, arises given the numerous opportunities that firms have to use personal data. Numerous studies have been conducted on this subject; however, it is still up for debate whether tailored marketing raises privacy issues or strengthens relationships. There are, however, not many studies that discuss how consumers feel about tailored marketing and how they interpret the message. The current study's goal is to examine in further detail the advantages of and issues with personalization and how it influences customer purchase behavior. The model raises questions in the study are shown below:

1. What is the consumer perception of personalized marketing?
2. How do privacy concerns and past experiences of consumers impact their behavior or attitude towards a particular product or service?
3. How does personalized marketing affect consumers online buying behavior?

4. What are some ways that businesses could respond to customers' concerns about internet privacy and the use of their personal information for personalized marketing?

Objectives

- To understand the consumer perception of personalized marketing.
- To study the impact of privacy concern and past experiences of consumers.
- To understand the effect of personalized marketing on consumer buying behavior online.

To determine how businesses could respond to customers worries about internet privacy and the usage of their personal information for personalized marketing.

IV. Methodology

The Questionnaire was developed from the Personalized marketing Model; the questionnaire consisted of two parts. The first recorded the subject's demographic information. The second identified the subject's perception of each variable in the model. The demographic variables assessed were gender, age, qualification and income level. The sample consisted of people in Palakkad district who have used E-Commerce sites for their purchase. The combination of convenient sampling and simple random sampling are used as sampling techniques. The size of the convenient sample for this study is 68 respondents which has been determined based on the online shoppers. The current research is a quantitative study with the help of a questionnaire survey. A 5-point Likert scale was used to show the agreement/disagreement towards each question. The Correlation analysis was carried out to measure the relationship between the variables towards consumer buying behavior.

Results

Personalized marketing has become an essential aspect of many businesses. It can help the business to build strong relationships with customers and increase customer loyalty and drive sales. The model

provides a framework of consumer perception towards personalized marketing and their buying behavior. The model focuses on the key elements of personalized marketing, buying behavior, consumer perception and business prediction.

Table:1 showing Correlation between personalized marketing and consumer buying decision

		Personalized marketing	Consumer buying decision process
Personalized marketing	Pearson Correlation	1	.302*
	Sig. (2-tailed)		.012
	N	68	68
Consumer buying decision process	Pearson Correlation	.302*	1
	Sig. (2-tailed)	.012	
	N	68	68

The correlation Table :1 shows that the variables have a moderate positive correlation of 0.302 between personalized marketing and consumer buying decision process. The P value for the statistics is less than 0.05, the relationship is statistically significant.

Table : 2 showing Correlation between consumer perception and business prediction in advance

		Consumer perception	Business prediction in advance
Consumer perception	Pearson Correlation	1	.288*
	Sig. (2-tailed)		.017
	N	68	68
Business prediction in advance	Pearson Correlation	.288*	1
	Sig. (2-tailed)	.017	
	N	68	68

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation Table :2 shows that the variables have a small to moderate positive correlation of 0.288 between consumer perception and business prediction in advance. The P value for the statistics is less than 0.05, the relationship is statistically significant.

V. DISCUSSIONS AND CONCLUSIONS

The purpose of this study was to explore the consumer perception of personalized marketing and how past experience and privacy concerns affects the purchase decision-making process. In order to fulfill the purpose, a conceptual framework was created out of the literature review. The empirical data collected is related to our theoretical framework which resulted in an analysis. This study found that there is a significant relationship between the variables personalized marketing and consumer buying decision process. The study also shows that there is a significant relationship between the variable's consumer perception and business prediction in advance. Personalized marketing has the potential to be a powerful tool for marketers to increase sales and customer loyalty. However, it also raises concerns about privacy and ethical considerations, which can affect consumer perception and their purchase decision-making process. Consumers may have a positive perception of personalized marketing because it can save them time and effort by providing tailored messages and offers that match their interests and needs. However, some consumers may be wary of personalized marketing because they feel like their privacy is being invaded or overwhelmed by the number of personalized ads and emails they receive.

In conclusion, while personalized marketing can be an effective strategy for increasing sales and customer loyalty, it is important for marketers to balance its benefits with ethical considerations and respect for consumer privacy. By being transparent and upfront with consumers about how their data is being used, marketers can build trust and create a positive

perception of personalized marketing, ultimately leading to a more successful marketing strategy.

VI. IMPLICATIONS

Over the years, and with the advancement of technology, personalized marketing has evolved. In general terms, personalized marketing trends can be separated into three categories: online website personalization, digital marketing personalization and offline marketing personalization. Recent online website personalization trends focus on leveraging visitor recognition technologies, such as cookies or reverse IP lookups, in order to change the content of a site to cater to a specific individual or persona. For example, showing only female products on an eCommerce site, to a visitor who is identified as a woman. Trends in digital marketing personalization take this one step further by personalizing off platform properties such as banner ads, emails and digital communications, for specific individuals. For example, showing items that have been left by a customer in an online cart as part of the imagery of a retargeting Facebook ad. Finally, recent personalized marketing trends in offline marketing focus on creative variations for specific audiences or personas. For example, placing a company's name in billboards outside their corporate offices or sending product catalogs that are dynamically created based on each customer's purchase history.

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