

Chapter 6

Personalization and Privacy: The Assessment and Concerns of Generation Z

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ABSTRACT

Technology has changed the forms and means of advertising. With the rise of personalized online advertising, it becomes appropriate to explore the perceptions and concerns of Generation Z in the context of greater ease and proximity to consumption. With strong technological capabilities, those young consumers represent a strong buyer segment in the digital market. This chapter presents the results of a survey based on a questionnaire addressed to Generation Z. Based on a sample of 408 Portuguese university students, the results of the study highlight the high perceptions of attitude, utility, and value, as well as the privacy concerns that these associate with personalized online advertising. Given the lack of identified studies for the Portuguese case, this study contributes to a greater knowledge of Generation Z consumers. It is also expected to help companies improve their online advertising strategies targeted at customers with the technological skills characteristic of this generation.

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INTRODUCTION

Personalization is widely used and constitutes a management technique that plays a role in building customer relationships. Personalization could be described as a process that provides an individualized interaction to enhance the customer experience by delivering products and contents according to the customer's preferences. As referred to in literature, personalization is a strategy to gain a competitive advantage, but customers could also benefit from personalization. How? By using digital advertising to communicate with its target consumers, a company can face the challenge of communicating with consumers who are increasingly aware of the value of their data. Some research has identified that some consumers may have a strong opinion about digital advertising. There are studies that suggest that consumers find digital advertising to be annoying and intrusive (Song et al., 2021; Gutierrez et al., 2019), that it can interfere with the browsing experience, and that it can pose a security issue. When browsing the internet or social networks, how many potential consumers come into contact with unsolicited advertising? How many people actually try to avoid online advertisements, even resorting to ad blockers? Personalization aims to focus on the customer's options that meet their preferences and requirements. This could reduce customer disorientation or hesitation and improve the quality of their decision-making.

Technology is rapidly changing the way people communicate, consume information, and relate to the world around them (Dabija et al., 2017; Ersoz & Askeroglu, 2020). These changes are transforming the world and creating new opportunities and challenges in several areas, including communication. Advances in information technology enable companies to make personalized offers based on consumers and target advertising campaigns (Lee et al., 2011). Based on customer information, programmatic technology can identify key considerations for targeting advertising and optimize strategy performance (Palos-Sanchez et al., 2019). The technological means currently available are changing the way advertisers manage their advertising spaces. By spanning and integrating different technologies across different systems and platforms, technology gives advertisers the ability to know exactly what medium to be in, what is the right ad to show, and the most appropriate time for the right audience. This situation ends up benefiting not only the advertiser but also the customer, who receives a totally relevant experience since he watches and sees what really interests him. As pointed out by Diez (2021), content is understood as meaningful when it provides value to the audience.

Nevertheless, to display ads, advertising relies on highly detailed online and offline data. The importance of data is often enhanced for marketing strategies, but the collection and use of data about consumers raise concerns about privacy and fair information practices (Lee et al., 2011). In this context, a legal framework known as the General Data Protection Regulation (GDPR) was introduced to define guidelines for the collection, use, and processing of personal data (Kounoudes & Kapitsaki, 2020). At this point, the personalization–privacy paradox constitutes an important issue in literature (Aguirre et al., 2016; Gerber et al., 2018; Hallam & Zanella, 2017; Kokolakis, 2017). Consumers might react either positively or negatively to personalized messages, and the result is a personalization-privacy paradox, such that personalization can both enhance and diminish consumer engagement with the company. Therefore, research indicates that clients enjoy personalized services and are willing to share information, but they are also concerned about the privacy of their information. Thus arises the opportunity to explore this paradox in different groups, such as the generation called “Generation Z,” who were born and raised in different circumstances from other generations. “Generation Z” corresponds to those born from 1995 to approximately 2010, which are the transition from the 20th century to the 21st century (Dolot, 2018; Ławińska & Korombel, 2019). This generation, characterized by mastery of new technologies,

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