

Chapter 11

The Impact of Retargeting on Consumer Well-Being and Purchase Intention

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ABSTRACT

In this study, the authors approached retargeting. It consists of an analysis of products seen by the user, but not purchased, and with a mathematical algorithm, present advertising in real-time, based on their behavior on different online platforms, as well as measuring the impact produced by this advertising technique on consumers' well-being. They also tried to assess its influence on consumers' purchase intentions. Data were obtained from 427 individuals who participated voluntarily in an online questionnaire. The hypotheses were tested using a series of hierarchical regressions, Pearson's correlation test, T-test, ANOVA, and Chi-square. The outcome suggests that the consumer's awareness frequency, regarding the retargeting campaigns, does not have any influence – positive or negative – on the consumer's well-being. In the same line, the authors did not find any direct connection between the exposure frequency to retargeting campaigns and the consumers' purchase intentions. However, this investigation suggests that specific messages can influence, positively, the consumer's well-being.

INTRODUCTION

The modern consumer becomes a permanent challenge for marketers, who nowadays have more tools to communicate with their customers. With the Internet, for most considered the biggest revolution of the XXI century, the evolution struggle continues to go on. With 67.9% of the global population online (Internet World Stats, 2023), a vast array of consumers can be targeted by digital advertisement cam-

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paigns from different industries and services. Therefore, it is not surprising that the amount spent on digital advertising almost doubled between 2019 and 2023, with the digital advertising market expected to reach US\$679.80bn by the end of 2023 (Statista, 2023).

Today, advertisers are constantly looking for new and innovative online marketing techniques that offer opportunities to adapt advertising messages to the behavior and preferences of consumers (Zarouali et al., 2017). As brands have access to a multitude of personal and behavioral data about their users, this is leveraged to create more accurate advertising targeting solutions than the ones used by traditional media advertising. Various targeting methods have been adopted in digital advertising to deliver ads that are more interesting and relevant to consumers, making advertising more effective. For this purpose, Wang et al. (2016) indicate three different categories of ads selection strategies, each of which delivers customized ads based on different categories of variables: Rule-based targeting, behavioral targeting, and contextual targeting. According to Wang et al. (2016), a rule-based targeting method uses viewers' characteristics, that is, chooses ads for a specific user based on users' attributes, including demographics, psychographics, firmographics, product purchase history, and status in the purchase funnel. Behavioral targeting delivers ads based on users' online behavior, such as web browsing data, search histories, media consumption data, online purchases, or click-through responses to ads. Therefore, digital advertising using behavioral targeting involves monitoring or tracking consumers' online behavior and using the collected information to show consumers' individually targeted advertisements (Boerman et al., 2017). At the same time, contextual targeting tries to match ads to the content a user is consuming at a given moment, to increase the perceived relevance of the ads (Wang et al., 2016).

Many companies use behavioral targeting and customize their ads based on recent online searches and shopping behaviors of individual consumers through retargeting (Bleier & Eisenbeiss, 2015a, 2015b), although retargeting can also be site-based. Retargeting is an advertising strategy that consists of a more precise and efficient consumer segmentation based on the assumption that the consumer has shown interest in a particular product or service through their search behavior (Iordanou et al., 2019). Cho and Cheon (2003) argue that personalization increases the likelihood of the click, especially in the initial stages of the purchase decision process. In other words, retargeting gives a second chance to those who haven't made up their mind, reminding them that the advertised brand is the right choice. Nonetheless, we should not leave aside a series of issues and concerns that are part of the agenda of many companies, and society in general, regarding the well-being of consumers and the relationships they end up developing with brands through advertising.

Given the early stage of retargeting research, we suggest that more research is needed to better understand whether retargeting is indeed a relevant and meaningful variable for consumer journeys. The purpose of this study is to enrich our understanding of the unique effect of retargeting frequency on consumer purchase intentions, contributing to the literature in three ways. First, the impact of retargeting on consumer intentions to buy products or services remains inconclusive. Although there is some empirical evidence that suggests that retargeting is uniquely and positively related to consumer purchase intentions (e.g., Gürbüz et al., 2016, Li & Huang, 2016; Mishra & Mahalik, 2017; Summers et al., 2016), it can also lead to unfavorable consumer responses (e.g., Tucker, 2012). Indeed, there is evidence that it can raise privacy concerns and brand aversion (e.g., Ghose & Todri, 2015; Zarouali et al., 2017), which are negatively correlated with purchase intention (Doorn & Hoekstra, 2013). Thus, more research is warranted on this relationship.

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