

Personalization in Online Advertising: Insights from a Systematic Literature Review

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Abstract

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This study examines personalization in online advertising through a systematic literature review (SLR) of research published between 2018 and 2021. Personalization has become a key digital marketing strategy, using consumer data such as browsing behavior and purchase history to deliver tailored messages. Findings show that personalized advertising improves engagement, attitudes, and behavioral responses by increasing relevance and perceived value. However, issues of privacy, transparency, and trust remain critical, as excessive targeting often triggers skepticism and resistance. The review also highlights the personalization privacy paradox, where consumers appreciate tailored ads but are concerned about intrusive data practices. Cultural and regulatory contexts further shape consumer acceptance, with stricter environments linked to higher privacy concerns. Overall, while personalization enhances advertising effectiveness, its long term success depends on balancing relevance with ethical data practices and respect for privacy.

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1. Introduction

Personalization in online advertising has gained increasing attention in recent years, as digital platforms provide unprecedented opportunities for tailoring marketing content to individual users. By leveraging browsing history, purchase behavior, and demographic information, personalized advertising is believed to enhance engagement, relevance, and consumer responses (Bleier & Eisenbeiss, 2015). Unlike generic messages, personalized ads improve user experience by delivering content that matches consumer interests, thereby increasing click-through and conversion rates (Boerman et al., 2017).

Despite its benefits, personalization is not without challenges. Studies highlight that while personalized advertising can strengthen consumer-brand relationships, it may also raise concerns about privacy, data protection, and trust (Aguirre et al., 2015). Excessive targeting or lack of transparency in data collection can lead to consumer resistance, perceived intrusiveness, and even avoidance of digital advertising (Baek & Morimoto, 2017). This tension underscores the importance of balancing personalization benefits with ethical and privacy considerations.

Furthermore, the emergence of social media and mobile platforms has amplified the role of personalization, making it a central component of digital marketing strategies. Research shows that personalization not only affects consumer attitudes but also influences long-term loyalty and brand equity (Tucker, 2016; Kim & Huh, 2017). Given the rapid evolution of personalization techniques and ongoing debates around privacy, a systematic review of the literature is needed to synthesize

insights, clarify existing gaps, and provide direction for both scholars and practitioners in the online advertising domain.

2. Literatur Review

The growing significance of personalization in online advertising has been widely recognized in recent marketing research. Scholars argue that personalization enhances advertising effectiveness by delivering relevant and tailored content, which positively influences consumer engagement and purchase intentions (D'Acquisto et al, 2015). The shift from mass communication to individualized targeting has become a core strategy in digital platforms, with evidence showing that consumers respond more favorably when advertisements reflect their preferences and behaviors.

At the same time, personalization introduces challenges related to consumer perceptions of privacy and trust. Research highlights that while consumers appreciate relevant ads, intrusive targeting and opaque data practices may provoke skepticism and resistance (Bang & Wojdyski, 2016). This phenomenon underscores the so-called “personalization privacy paradox,” where the benefits of tailored content are offset by growing privacy concerns.

Moreover, the effectiveness of personalization is not uniform across contexts. For instance, De Keyser, Dens, and De Pelsmacker (2015) found that personalization works best when consumers perceive value in the message and the advertiser demonstrates transparency in its data usage. Similarly, Hosseini et al. (2020) emphasize that consumer attitudes toward personalization are strongly

shaped by cultural differences, suggesting that global advertising campaigns must adapt to diverse consumer expectations and norms.

Taken together, the literature indicates that personalization in online advertising offers significant opportunities to enhance consumer-brand relationships, but it also requires careful management of privacy and ethical considerations. These insights form a foundation for systematic reviews that aim to map the benefits, limitations, and evolving practices in personalized digital advertising.

3. Methods

This study applied a systematic literature review (SLR) to examine research on personalization in online advertising within the period 2018 to 2021. The SLR method was chosen to provide a transparent and structured process of gathering, evaluating, and synthesizing existing studies. By limiting the scope to a three-year range, this review captures the most relevant insights during a period when digital platforms and targeted advertising practices were rapidly evolving.

The data collection process was conducted through academic databases such as Scopus, Web of Science, and Google Scholar. Keywords including “personalized advertising,” “online behavioral advertising,” “privacy concerns,” and “consumer trust” were used to identify relevant publications. Only peer-reviewed journal articles published in English and directly addressing personalization in online advertising were included. Studies that fell outside the specified period, lacked empirical or conceptual relevance, or were non-academic in nature were excluded.

The selected articles underwent a multi-stage screening process involving title review, abstract analysis, and full-text evaluation. The final set of studies was analyzed thematically to extract insights on the effectiveness of personalization, consumer perceptions of privacy and trust, and contextual differences across digital platforms. Focusing on the 2018–2020 period allows this review to highlight recent developments, synthesize key findings, and identify emerging gaps for future research in the domain of online advertising personalization

4. Results and Discussion

The findings of this review indicate that personalization in online advertising between 2018 and 2021 was characterized by both its potential to improve consumer engagement and the persistent challenges regarding privacy and trust. Several studies found that personalized advertising significantly enhances consumer attitudes and behavioral responses when it delivers content perceived as relevant and valuable. For example, research by Boerman et al. (2017) demonstrated that personalized ads can increase attention and effectiveness, particularly when consumers recognize the relevance of the message to their interests. Similarly, Goldfarb and Tucker (2019) emphasized that personalization allows firms to optimize advertising efficiency, leading to better targeting outcomes and higher return on investment.

Despite these advantages, personalization also intensified privacy-related concerns during this period. Studies suggest that when consumers become aware of extensive data tracking, their trust in advertisers may decline, leading to negative attitudes toward brands. In line with this, Zarouali et al. (2018) found that

personalized advertising on social media platforms raised skepticism and reduced consumer acceptance if the data collection process was perceived as intrusive. Moreover, research highlighted the so called personalization privacy paradox, where consumers simultaneously appreciate the relevance of targeted ads but resist the invasion of personal space required to create them (Aguirre et al., 2019).

Another important insight relates to contextual and cultural differences in consumer responses to personalization. Evidence from cross-cultural studies shows that acceptance of personalized advertising varies significantly depending on norms and expectations around data sharing and privacy regulation. For instance, Segijn (2021) observed that consumers in markets with stricter privacy laws tended to display greater skepticism toward behavioral targeting, while those in less regulated environments were more accepting of personalized advertising practices.

Overall, the results demonstrate that while personalization remains a powerful tool for enhancing advertising effectiveness, its long-term success relies on balancing relevance with transparency and consumer trust. Firms that adopt clear communication about data practices and respect user privacy are more likely to build sustainable consumer relationships. These findings highlight the need for advertisers and policymakers to establish ethical frameworks that support innovation in personalization without undermining consumer autonomy.

5. Conclusion

This study highlights that personalization in online advertising has become a central driver of engagement in digital marketing, offering firms the ability to deliver

more relevant, targeted, and effective messages to consumers. Evidence from the reviewed studies shows that personalized ads generally improve attention, attitudes, and behavioral responses by aligning content with user preferences and interests. This confirms the strategic importance of personalization for optimizing advertising performance and fostering stronger consumer brand relationships.

At the same time, the findings reveal significant challenges, particularly related to privacy, transparency, and consumer trust. The personalization privacy paradox emerged as a consistent theme, indicating that while consumers value the relevance of targeted advertising, they are also increasingly wary of intrusive data practices. Excessive targeting or lack of clarity in data usage undermines trust and may reduce the long-term effectiveness of personalization strategies.

Another important conclusion is that personalization outcomes are not uniform across contexts, with cultural norms and regulatory environments playing a crucial role in shaping consumer acceptance. In markets with stricter privacy regulations, consumers tend to be more skeptical toward behavioral targeting, whereas less regulated contexts may allow for higher acceptance levels. This underscores the importance of considering both cultural sensitivity and legal compliance in designing personalized advertising campaigns.

Overall, this review concludes that personalization remains a powerful tool for enhancing advertising effectiveness, but its sustainability depends on striking a balance between relevance and respect for consumer privacy. To ensure long term value, firms should adopt transparent communication, ethical data practices, and context-sensitive approaches, while policymakers are encouraged to develop

frameworks that protect consumer autonomy without stifling innovation. These insights provide a foundation for future research and practical strategies in the evolving field of online advertising personalization.

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