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Consumer Perception on Personalized Advertisement and Brand Integrity

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Abstract

The use of artificial intelligence and machine learning is being deeply used in digital marketing. There is a thin line between personalized service and surveillance. This research talks about the creepiness, psychological discomfort faced by customers when the things they search or talk about is hyper accurate in their algorithm. the privacy paradox suggests that being too accurate can trigger a defensive reaction leading to a drop in brand image and trust. The purpose of this research is to see how tracking too much of private information of a customer can decrease their trust. There is a very thin line between using the data for personalization and misusing the data to exploit the customers so they hesitate to give their credentials most of the time.

This research uses a quantitative approach; the data was collected through a questionnaire creating primary data. People were provided with scenario of predictive ads appearing after private conversations. The data was analyzed using correlation analysis and use of SPSS. The study suggests people find the hyper personalized ads to be annoying and add a creepy factor. The use of artificial intelligence in promoting brand ads and using bots for customer service makes the customer loose the human touch Therefore, the brands should focus on privacy first to retain the integrity and increase the brand loyalty for a long term in era of algorithm governance. Let the brand speak for itself and retain its originality than being diluted in the world of artificial intelligence.

Keywords: Hyper Personalization, Brand Integrity, Algorithm Governance, Privacy, Artificial Intelligence

Introduction

In today's modern fast paced society brands know us better than before with every click and website we view, they track our data to give us personalized advertisements to grab our attention and to make consumer feel brands get their needs right. While the advertisements may seem, helpful there is a thin line between using data for giving personalized advertisements and using the data to exploit the customers it adds a creepiness to the whole viewing experience while shopping. The company should safeguard the customers data to maintain loyalty and maintain the reputation they built from a long time as customer are very vital to retain any business. The brands should assure the data is safe is with them so the customers can trust them. The core problem is hyper personalization' brands want to increase the sales but if they overstep their boundaries even a little bit the brand can lose its identity in the market.

The objectives of this research are

i. If personalized advertisements are disliked or liked by the people

To identify if customers actually enjoy personalized advertisements or enjoy the traditional advertisements more.

ii. To see if personalized advertisements actually lead to sales

If collecting personal data and giving personalization actually leads to more sales rather than giving general advertisements.

iii. To analyze how transparency leads to increase in trust of customers

To analyze if customer actually values transparency and trust brands which are more transparent with their data use

Review of Literature

The Dual Nature of Personalized Advertisements

Personalized advertisements is an emerging trend where the brands track the personal data of the customers to provide accurate needs and preferences of the customers so they can boost their sales.

Users often find the personalized advertisements efficient, time saving, relevant recommendations help overall shopping experience. But it also has a risk factor involved. Even though it has its benefits it is a very controversial tool to use as customers are being aware of how their data is used to show the advertisements or track their search history which feels invading to their privacy.

The Role of Corporate Digital Responsibility

Studies show that brands that value showing customers how they use their data to give them personalized ads are trusted more. Because customers should be educated on how the brands are using their data to provide useful info to them instead of keeping them in dark. Brands that actually tell customers how and why they use the information reduce the creepy factor and increase trust or help for potential purchasing again.

The Threshold of Invasiveness and Brand Integrity

The literature emphasizes that personalized ads can transform from a helpful tool to invasion of privacy to customers. According to research when advertisements use too much of sensitive data to show ads it seems creepy like topics, they talked offline or data which they searched few days ago reduces the trust and can completely block or ignore the ads provided to them leading to low sales and ruining the brand globally. If the customers see the brands as intrusive it can cause a negative impact.

Methodology

The following shows the use of descriptive statistics to find frequency, mean and graphical representations to analyze the data collected through the survey.

Frequencies for Gender

Gender	Frequency	Percent
1	55	55.0
2	44	44.0
3	1	1.0
Missing	0	0.0
Total	100	100.0

This states that 55% of the respondents were male, 44% of the respondents are female and 1% decided not to say the gender. The top respondents were male.

Frequencies for Age Group

Age group	Frequency	Percent
1	48	48.0
2	35	35.0
3	9	9.0
4	4	4.0
5	4	4.0
Missing	0	0.0
Total	100	100.0

48% of respondents belong to the age group of below 20, 35% of respondents belong to age group of 21- 30 , 9% of them belong to 31-40, 4% belong to age group 41-50 and the other 4% belong above 50 years. The top respondents belonged to age group of under 20.

Frequencies for Education Level

Education level	Frequency	Percent
1	4	4.0
2	74	74.0
3	16	16.0
4	2	2.0
5	4	4.0
Missing	0	0.0
Total	100	100.0

4% of the people belong to school, 74% belong to undergraduate, 16% belong to postgraduate, 2% belonged to doctorate and 4% belonged to other, stating undergraduate were the top respondents for this survey.

Frequencies for Average Daily Smartphone Usage

Average daily smartphone usage	Frequency	Percent
1	9	9.0
2	32	32.0
3	43	43.0
4	16	16.0
Missing	0	0.0
Total	100	100.0

9% of respondents use less than 2 hours of daily average screen time, 32% use a average of 2-4 hours, 43% use a average of 4-6 hours and 16% have a average of above 6 hours. The most average pattern for phone use is 4-6 hours.

Frequencies for Use of Voice Assistant (Google Assistant; Siri; Alexa)

Use of voice assistant (google assistant; Siri; Alexa)	Frequency	Percent
1	27	27.0
2	54	54.0
3	19	19.0
Missing	0	0.0
Total	100	100.0

27% of the respondents use voice assistant frequently, 54% use voice assistance occasionally and 19% do not use any voice assistance. Only 27% of people use voice assistance in their day-to-day life and the other rarely or never use it.

Calculation of Mean and Standard Deviation

	Valid	Missing	Mean (arithmetic)	Std. Deviation
Do personalised advertisements provide useful product information	100	0	3.070	0.987
Personalised advertisements are usually irrelevant to me	100	0	3.030	0.858
Advertisements accurately portray my needs and preferences	100	0	2.970	0.915
I am concerned about how companies collect my personal data	100	0	3.660	1.065
Companies track too much of my online behaviour	100	0	3.730	0.962
I believe my smartphones listens to my conversations	100	0	3.780	1.021
I have seen advertisements related to topics I have discussed offline	100	0	3.790	1.047
Smartphones do not monitor conversations for advertisement purposes	100	0	2.830	1.120
Brands that are transparent about data use seem more trustworthy	100	0	3.210	0.998
Responsible data practices enhance brand credibility	100	0	3.440	1.038
I prefer buying from brands that safeguard my privacy	100	0	3.690	0.992

The first question suggests the mean is 3.07 which is slightly higher than the neutral which means the respondents slightly agree that personalized advertisement provides useful product information.

The second question also the mean is 3.03 only slightly high then the neutral which means some people find it relevant and some find it irrelevant.

The third question where the mean is 2.97 signifies that people think the advertisement doesn't accurately portray their needs and preferences.

The fourth question where the mean is 3.66 which is high then 3 shows that people are concerned about how the companies track their data to show ads.

The fifth question where the mean is also high which is 3.73 also tells that the people are sensitive about how companies track too much of their online behaviour which feels invading to them.

The sixth question where the mean is 3.78 indicates that the people think their smart phones listens to their conversations which increases their suspicion towards the new technology.

The seventh question where the mean is 3.79 is high which means people have noticed that the topics they spoke offline and the advertisements, they see online are connected which adds a creepy factor to it and makes it uncertain to buy anything.

The mean in this question is 2.83 which means the people tend to disagree to the fact that smartphones do not monitor conversations and reinforcing suspicion toward data collection.

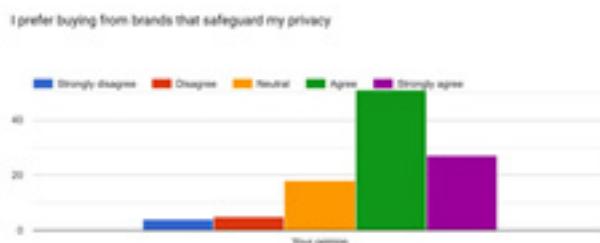
The ninth question where the mean is 3.21 which is higher than 3 indicates that brands which are more transparent about how they use their data makes the consumer gain more trust and also feel like they are not exploited because they know how their data is used.

The tenth question where the mean is also high which is 3.44 states brand who pay more attention to safeguarding the customers privacy seem more credible and also increase the trust and loyalty to a brand which also safeguards the brands reputation.

The last question where the mean is 3.69 which is again higher than 3 states that customers prefer buying from brand which practice privacy over profits in this society where everything is about materialistic wealth people still prioritize their privacy.

Cronbach's alpha	.879
N of Items	11
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy. Bartlett's Test of Sphericity	.877
Approx. Chi-Square df	616.516 55





The graphs indicate many people are concerned about how their data is used and would choose brands who safeguard their privacy.

Discussion

- Let's discuss how the objectives have a relationship with the research.
- The first objective was If personalized advertisements are disliked or liked by the people
- The statement personalized advertisement provide useful information has a mean of 3.07 which is just above the neutral which suggests people have a mixed opinion whether they like the advertisement or they find it irrelevant they can't come to a final conclusion.
- The second objective to see if personalized advertisements actually lead to sales

Since the mean score of usefulness of personalised advertisement is 3.07 the people slightly agree that the advertisement give useful insight of a product. The analysis shows even though the advertisement may provide some useful information it doesn't help in fully changing their buying decisions so the advertisement doesn't actually lead to sales it is moderate rather than high. The third objective to analyze how transparency leads to increase in trust of customers.

The objective is supported by the statement brand transparency and trust. Then mean for brand that are transparent about data use are more trustworthy is 3.21 which is high which means the responders generally agree that brands which are more transparent are more reliable. These results show privacy is a major concern amongst many people and it is also a important factor to build trust with a brand.

Conclusion

The study determines what are the views of consumers on hyper personalised advertisement and how it affects their buying patterns and decisions. It also suggests that brands who are open about their data use are more preferred and trusted instead of brands who do not disclose how they use the data.

The results indicate that the people still have mixed opinions whether they like the personalised advertisement or find it irrelevant because the means are slightly above 3.it suggests personalised advertisements are accepted but not necessarily considered to give them what they need. The results also indicate that the people are not properly convinced to buy the product if they see a advertisement of a brand it doesn't change their view on buying decisions.

The next result highlights the significance of privacy concerns among the consumers. Many people think the brands are crossing the line and tracking excessive amount of information from the consumers. Some also believe that their smartphones listens to their conversations which decreases their trust in the new technology.

Finally the analysis also show how transparency plays a major role in building customer trust. The respondents totally agree that brands which are more transparent and who prioritise loyalty tend to be chosen by the people.it also tells if the brand practice safe use of data it will improve their relationship with customers.

In conclusion while the personalised advertisement have the potential to inform customers and influence them to buy new products the effectiveness largely depends on how accurately the needs are met and how the brands handles their data. Brands that prioritise ethical data practices, transparency and consumer privacy gain more customers and achieve better brand image.

Recommendations

Based on the results of the study the following recommendations can be suggested to future research.

The brands should work on the relevancy of the personalised advertisement and improve the accuracy so they match the needs and preferences of the customers and also increase their engagement.

The organisation must be very clear about how they use,store and record their data. The brands should let the customers decide what data they share they should also have the right the edit or keep their data private to safeguard privacy so they can build more trust.

As most customers feel their data is not safe with companies the companies should practice strong ethical practices and ensure their data is safe they should invest in strong encryption.

Future Research Opportunities

1. Using larger and more diverse samples
2. Examining the impact of demographic factors

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