TRANSPARENCY IN TARGETED ADVERTISING

LESLIE K. JOHN
HARVARD BUSINESS SCHOOL

COLLABORATORS:
TAMI KIM, DARDEN SCHOOL OF BUSINESS
KATE BARASZ, IESE
NEW PRIVACY PERILS
NEW PRIVACY PERILS

OMG I HATE MY JOB!! My boss is a total pervy wanker always making me do shit stuff just to piss me off! WANKER!

Yesterday at 18:03 · Comment · Like
NEW PRIVACY PERILS

OMG I HATE MY JOB!! My boss is a total pervy wanker always making me do shit stuff just to piss me off!! WANKER!

Yesterday at 18:03 · Comment · Like

Hi [Name], I guess you forgot about adding me on here?
Firstly, don't flatter yourself. Secondly, you've worked here 5 months and didn't work out that I'm gay? I know I don't prance around the office like a queen, but it's not exactly a secret. Thirdly, that 'shit stuff' is called your 'job', you know, what I pay you to do. But the fact that you seem able to do the simplest of tasks might contribute to how you feel about it.

And lastly, you also seem to have forgotten that you have 2 weeks left on your 6 month trial period. Don't bother coming in tomorrow. I'll pop your P-45 in the post, and you can come in whenever you like to pick up any stuff you've left here. And yes, I'm serious.
NEW PRIVACY PERILS

93% OF RECRUITERS ARE LIKELY TO LOOK AT A CANDIDATE'S SOCIAL PROFILE.

42% HAVE RECONSIDERED A CANDIDATE BASED ON CONTENT VIEWED IN A SOCIAL PROFILE, LEADING TO BOTH POSITIVE AND NEGATIVE RE-ASSESSMENTS.

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NEW PRIVACY PERILS

Jobvite

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Acquisti & Gross, 2009
NEW PRIVACY PERILS

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NEW PRIVACY PERILS
AD TRANSPARENCY

Find the best price on Miami hotels and read verified guest reviews

Advertisement
AD TRANSPARENCY

Find the best price on Miami hotels and read verified guest reviews
AD TRANSPARENCY

Find the best price on Miami hotels and read verified guest reviews

Advertisement

Search Now

This Advertiser used Google’s DoubleClick ad serving/targeting platform to determine that you might be interested in this ad. Depending on your settings, this ad may have been matched to your interests or previous visits to websites, or it may have been selected based solely on the website you are visiting.

More information & opt-out options »
What is interest based advertising »
Google Privacy Policy »
Privacy Controls by Ghostery, Inc.

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Facebook Will Now Tell You Why You're Seeing Those Ads
One of the reasons you're seeing this ad is because Acme Home Theaters wants to reach people interested in Televisions. This is based on what you do on Facebook, such as Pages you've liked and ads you have clicked on.

There may be other reasons you saw this ad. For example, Facebook is always able to

AD PREFERENCES

Your ad preferences help Facebook decide which ads to show you. You can edit them or add things you are interested in to see more relevant ads.

Your ad preferences are only visible to you.

Learn more.

Televisions

View and manage your ad preferences
How does this affect ad effectiveness?
SOME POSSIBILITIES

1. Increase ad effectiveness
SOME POSSIBILITIES

1. Increase ad effectiveness
   - Emphasizes consumer-product fit (Summers et al., 2016)
   - Communicates firm effort in generating the ad (Buell & Norton, 2011)
SOME POSSIBILITIES

1. Increase ad effectiveness
   • Emphasizes consumer-product fit (Summers et al., 2016)
   • Communicates firm effort in generating the ad (Buell & Norton, 2011)

2. Decrease ad effectiveness
   • Rousing of privacy concerns (John, Acquisti & Loewenstein, 2011)
SOME DRIVERS OF PRIVACY CONCERNS

1. Nature of the information
SOME DRIVERS OF PRIVACY CONCERNS

1. Nature of the information

2. Manner in which consumers’ personal information changes hands: *Information flows*
SOME DRIVERS OF PRIVACY CONCERNS

1. Nature of the information

2. Manner in which consumers’ personal information changes hands: *Information flows*
THE RESEARCH
THE RESEARCH

1. These norms apply in the digital advertising space
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2. When consumers realize that these norms have been violated, ad effectiveness decreases
THE RESEARCH

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3. When consumers realize that these norms have been honored, ad effectiveness can be enhanced
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1. NORMS OF ACCEPTABILITY TRANSFER TO DIGITAL SPACE
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Compiled a list of 30 advertising practices
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Respondents...
1. NORMS OF ACCEPTABILITY TRANSFER TO DIGITAL SPACE

Compiled a list of 30 advertising practices

Respondents...

- were told: “Facebook generates personalized advertisements for their users using various methods.”
- rated acceptability of each practice
EMERGENT FACTORS

-My past purchase history on another company’s website
-My past browsing history on another company’s website
-My past search history on a search engine
EMERGENT FACTORS

<table>
<thead>
<tr>
<th>Third-party sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>- My past purchase history on another company’s website</td>
</tr>
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EMERGENT FACTORS

First-person sharing
- Facebook pages (e.g., companies, celebrities) that I have liked
- Facebook groups that I am part of
- Facebook advertisements that I click on

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</tr>
<tr>
<td>- Facebook advertisements that I click</td>
<td></td>
</tr>
<tr>
<td>on</td>
<td></td>
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</tbody>
</table>

**Inferred**

- My gender that Facebook inferred based on my Facebook usage
- My age that Facebook inferred based on my Facebook usage
- My relationship status that Facebook inferred based on my Facebook usage
## EMERGENT FACTORS

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<th>Inferred</th>
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<tbody>
<tr>
<td>-My gender that I stated on my profile</td>
<td>-My gender that Facebook inferred based on my Facebook usage</td>
</tr>
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</tr>
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THE RESEARCH

1. These norms apply in the digital advertising space
2. When consumers realize that these norms have been violated, ad effectiveness decreases
3. When consumers realize that these norms have been honored, ad effectiveness can be enhanced
   • provided that your consumers trust you
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AWARENESS OF...
THIRD PARTY SHARING
You are seeing this ad based on the products you clicked on while browsing our website (i.e., within this survey platform).
You are seeing this ad based on the products you clicked on while browsing our website (i.e., within this survey platform).

You are seeing this ad based on the products you clicked on while browsing a third-party website (i.e., outside of this survey platform).
You are seeing this ad based on the products you clicked on while browsing a third-party website (i.e., outside of this survey platform).
**PURCHASE INTEREST**

(1-7)

\[ M = 3.87 \]

\[ M = 3.56 \]

\[ M = 2.83 \]
PURCHASE INTEREST
(1-7)

\[ M = 3.87 \]

\[ M = 3.56 \]

\[ M = 2.83 \]

- 27%

- 21%
AWARENESS OF...
INFERENCE-MAKING
You are seeing this ad based on your information that you stated on your profile.
PURCHASE INTEREST
PURCHASE INTEREST (1-7)

\[ M = 2.96 \]

\[ M = 3.10 \]

\[ M = 2.52 \]
PURCHASE INTEREST (1-7)

$M = 2.96$

- 15%

$M = 3.10$

- 19%

$M = 2.52$
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420 Points
GoPro Hero4 Silver Standard
14429
(Estimated S/H 42Points )

5.0 | 1 Review
1 out of 1 (100%) reviewers recommend this product

Quantity 1
Add to Shopping Bag
Add to Wish List

Recommended
Magellan eXplorist
310 Handheld GPS
230 Points

Titan Pioneer Men's Hybrid Bicycle
178 Points
420 Points
GoPro Hero4 Silver Standard
14429
(Estimated SH 42 Points)
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Recommended

- Magellan eXplorist 310 Handheld GPS
  230 Points

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  178 Points
CLICKTHROUGH RATE

9%

10%

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CLICKTHROUGH RATE

9%

+ 11%

10%
17,181 Credits
GoPro Hero4 Silver Standard
14429

5.0 | 1 Review
1 out of 1 (100%) reviewers recommend this product.

Quantity 1

Add to Shopping Bag
Add to Wish List

Recommended

Magellan eXplorist
310 Handheld GPS
7,066 Credits

Titan Pioneer Men's Hybrid Bicycle
6,937 Credits
CLICKTHROUGH RATE

8%

+ 50%

12%
ZOOMING OUT:
SOME PRACTICAL IMPLICATIONS
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1. Stay away from sensitive information wherever possible
ZOOMING OUT: SOME PRACTICAL IMPLICATIONS

1. Stay away from sensitive information wherever possible

2. Commit to at least a minimum amount of transparency
ZOOMING OUT: SOME PRACTICAL IMPLICATIONS

1. Stay away from sensitive information wherever possible

2. Commit to at least a minimum amount of transparency

3. Use data judiciously
CONCLUDING COMMENT
CONCLUDING COMMENT

For further reading if interested:
CONCLUDING COMMENT

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MARKETING

Ads That Don’t Overstep

by Leslie K. John, Tami Kim, and Kate Barasz

FROM THE JANUARY-FEBRUARY 2018 ISSUE
THANK YOU

Contact:
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