EXAMINING THE EFFECTS ONLINE TARGETING HAS ON CONSUMERS' PURCHASE DECISIONS

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ABSTRACT

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Abstract
 	
Online marketing measurement can be seen a day-to-day procedure for marketers and companies. At the same time, the industry is still young and there is indeed room for empirical research to understand the actual effects online marketing has on consumers. In addition, there is little knowledge on measuring offline behavior such as purchasing resulting from online marketing. Thus, examining how online targeting affects consumers' purchase decisions is a current and important research topic. The empirical case study sheds light on online targeting and provides the industry with understanding of whether targeting based on consumers' preferences enhances purchase behavior.
    The objective of this research is to examine how online targeting influences consumers' purchase decisions. The empirical case study setting enables analysis from multiple perspectives with quantitative data; target group analyses, measuring multi-channel effects, and determining whether marketing message exposure has an influence on purchase behavior. Examining all of the aforementioned in the online and offline context contributes to existing research by providing results that online targeting based on consumers' behavior and preferences increases sales when consumers are exposed to the marketing message in email and social media.
    The results of this study indicate targeting based on consumers' preferences and behavior increases sales. In addition, there is a significant added sales effect when consumers are exposed to the marketing message in email and social media. The results from exposure to the message in multiple channels enhance only partly purchase decision. Moreover, results of consumers in different life stages support the findings of increased potential in online targeting when it is based on consumers' preferences and behavior.	

Key words	
Online targeting, online advertising, purchase behavior, purchase decision, digital marketing, email marketing, social media marketing	
Place of storage	
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TIIVISTELMÄ

Tekijä	
Sami Hiirsalmi	
Työn nimi	
Online-mainonnan kohdentamisen vaikutusten tutkiminen kuluttajien ostopäätöksissä	
Oppiaine	Työn laji
Digitaalinen markkinointi ja yritysviestintä	Pro gradu -tutkielma
Aika (pvm.)	Sivumäärä
5.2.2020	59 + liitteet

Tiivistelmä

Yritykset ja markkinoijat mittaavat markkinointitoimenpiteitänsä online-kanavissa päivittäin. Samanaikaisesti, toimiala on nuori ja empiiristä tutkimusta online-markkinoinnin vaikutuksista kuluttajien päätöksiin on vähän. Tämän lisäksi, on vain vähän tietoa, miten online-markkinointi vaikuttaa kuluttajien päätöksiin muualla kuin verkossa. Edellä mainittujen asioiden takia online-mainonnan kohdentamisen vaikutusten tutkiminen kuluttajien ostopäätöksiin on ajankohtainen ja tärkeä aihe tutkia. Tutkimuksen empiirinen tapaustutkimus luo ymmärrystä tutkittavasta aiheesta ja tarjoaa toimialalle viimeisimmän tiedon online-mainonnan kohdentamisen vaikutuksista.

Tämän tutkimuksen tavoitteena on tutkia online-mainonnan kohdentamisen vaikutuksia kuluttajien ostopäätöksiin. Tapaustutkimus tarjoaa analyysin eri näkökulmista kvantitatiivisen datan avulla; kohderyhmäanalyysejä, monikanavaisen markkinoinnin vaikutusten ymmärrystä ja tuloksia viestille altistumisen vaikutuksista. Edellä mainittujen kokonaisuuksien tutkiminen verkossa ja kivijalassa tarjoaa uutta tietoa olemassa olevaan tutkimukseen todistamalla, että online-mainonnan kohdentaminen perustuen kuluttajien käyttäytymiseen ja preferensseihin kasvattaa ostoa kuluttajien altistuessa markkinointiviestille sähköpostissa ja sosiaalisessa mediassa.

Tämän tutkimuksen tulokset osoittavat online-mainonnan kohdentamisen perustuen kuluttajien preferensseihin ja käyttäytymiseen tuottavan suuremman myynnin. Markkinointiviestille altistumisella sähköpostissa ja sosiaalisessa mediassa on merkittävä vaikutus. Tulokset osoittavat, että monikanavaisuudella on vain osittainen ostopäätöstä tehostava vaikutus. Lisäksi, löydökset kuluttajien eri elinvaiheiden välisistä tuloksista osoittavat kohdentamisella perustuen kuluttajien preferensseihin ja käyttäytymiseen olevan suuri potentiaali.

Asiasanat	
Online-kohdentaminen, online-mainonta, ostokäyttäytyminen, ostopäätös, digitaalinen markkinointi, sähköpostimarkkinointi, sosiaalisen median markkinointi	
Säilytyspaikka	
Jyväskylän yliopiston kauppakorkeakoulu	

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1 INTRODUCTION

This section provides the background and justification for the research.

1.1 Research background

Previous literature on online advertising urges for more research on the topic. Liu-Thompkins (2018) highlight the burgeoning industry to be supported by more theory development. In addition, the ever-increasing amount of data marketers have on consumers provide wider possibilities to utilize this information. However, the question for marketers is what information should be used and what not to be used in order to personalize advertisements successfully (Liu-Thompkins, 2018). A study about consumer reactance on online personalized advertising discusses the limitations of their work stating the importance to further examine the effect of online personalized advertising on purchase behaviour (Chen, Feng, Liu & Tian, 2019). Another area of future research is also highlighted by Zhu and Chang (2016) who encourage personalized advertising to be tested in a real-life situation, e.g. using online environments such as Facebook or Google, in order to understand actual behaviour towards personalized advertisements. To elaborate more on the reasons for researching this topic, Bleier and Eisenbiss (2015) call for research to understand online and offline shopping's dependencies in the context of personalized advertising.

Boerman, Kruikemeier, Zuiderveen Borgesius and Keller (2017) state that online behavioral advertising, tracking consumers' online behaviour and targeting advertisements based on that information, is one of the key areas for advertising in the future. This is further elaborated by Boerman et al. (2017, p. 363) who propose that "Leading scholars argue that advertising will become more personalized and targeted and will involve more individual communication, where advertisers can iterate messages based on consumer behaviour and needs."

Boerman et al. (2017) refers to personalization as "online behavioral targeting" (OBA), and emphasizes this as a core topic in the advertising industry. They also highlight the need for future practical and theoretical research as they emphasize the relevancy of the topic. Kumar and Gupta (2016) state that influential scholars are convinced that personalized communication, which involves more and more individualized targeting, will only increase. This, in turn, will result in consumers being more targeted by individualized messages based on their characteristics and preferences.

In 2011, Goldfarb and Tucker highlighted the uniqueness of online targeting because of its different targeting possibilities and described a gap in research in the area as many previous researches have focused only on improving advertising performance. The importance of not only studying the online setting

but also offline, is highlighted by Boerman et al. (2017) as they emphasize online and offline are not as separate as they have been in the past. Ozcelik and Varnali (2018) call for more research on experimental approaches that utilize real behavioural data collected from the online environment where customers are exposed to personalized online advertisements.

In order to better understand the effects of online targeting on consumers, Boerman et al. (2017) strongly recommend studies to be conducted from different perspectives. This research will contribute to the aforementioned as online targeting and its effects on consumers' purchase decisions will be examined and analysed from multiple perspectives, which will help to explain the effects of online targeting on consumers.

There is apparent room for researching online advertising and targeting. In addition, discovering the effects on how online advertising and targeting affect consumers' purchase decisions are relevant for practitioners as well. Moreover, this research contributes to existing literature by reporting an experiment using data collected from real online and offline environment.

1.2 Research objective and questions

The objective of this research is to find out what effects does online targeting have on consumers' purchase decisions. In order to reach this objective, the empirical study focuses on examining the effects between different online targeting methods.

Thus, the thesis addresses the following research questions:

- *How online targeting influences consumers' purchase decisions online and offline?*
- *Does targeting based on consumers' preferences and behavior enhance purchase decision more than broad targeting?*
- *Does two channel exposure enhance purchase decision more than one channel?*

1.3 Research structure

The research consists of five chapters (see Figure 1). The second chapter reviews existing theory which supports the empirical study. The theoretical framework introduces the business context (i.e. retailing), advertising in general, purchase behavior with the aim of understanding consumers' behavior in the context of the study, and reviews online targeting. The third chapter presents the empirical case study approach, data and the methodology. The fourth chapter presents the results and analysis of the empirical study. The last chapter concludes the research by presenting theoretical and managerial contributions, limitations of this study, and offers future research suggestions.

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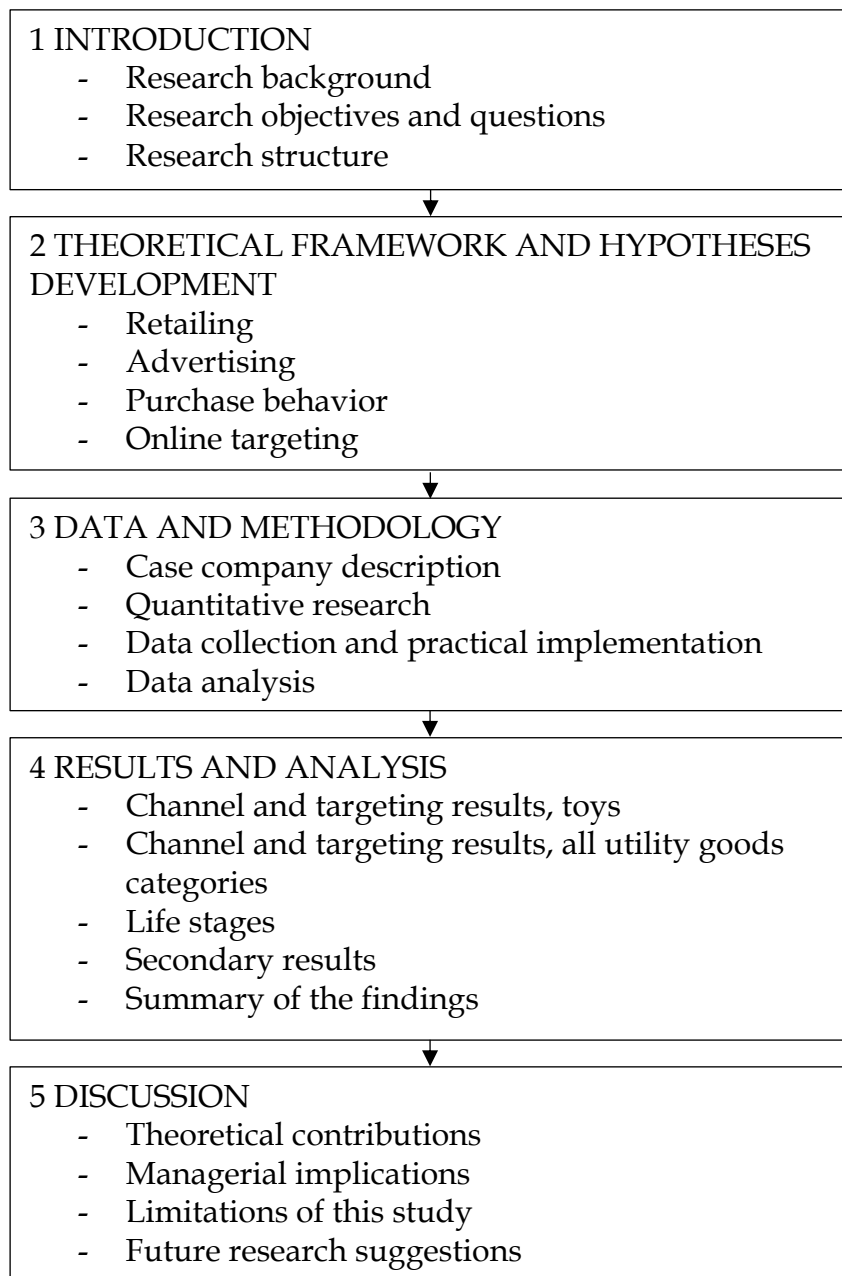
FIGURE 1 Structure of the study

2 THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

This chapter introduces four areas of existing theory, which have been identified as imperative elements to support the empirical case study. First, retailing is examined in order to understand the business environment of the case company. This will be followed by a discussion of advertising in general, how advertising works, what types of online advertising there are, and what are the prevailing trends. Thirdly, a discussion on purchasing behavior literature is offered. In conclusion, the theoretical framework follows a logical process and is finalized by the core topic of the research, online targeting.

2.1 Retailing

Prior to retailing, transferring goods from one party to another was known as exchange. Once money was involved into this exchange, retailing emerged. Retailing has been around from prehistoric times making it one of the oldest businesses in the world. (Tiwari, 2009.)

Retail companies serve consumers' everyday necessities. These include, for example, grocery and drug stores, clothing stores and restaurants. The retail sector is not narrowed down into one industry but serves a wide range of products and services. There are three main types of retailing: market, i.e. a physical location where the seller and buyer interact, store or shop trading, i.e. common controlled or expensive items such as medicine and jewelry, and virtual retail, i.e. products purchased online, mail or telephone. (Tiwari, 2009.) However, there are some requirements for companies to remember in order to succeed in retailing:

> The two obvious and crucial elements to a successful retail business are a sufficient market, and visibility and access. Without demand for the product or service, the retail endeavour is bound to fail. Likewise, if no one knows that it is there, or if it is difficult to get to, it will also face difficulties. (Tiwari, 2009, p. 2.)

Retailing is an economic activity hence involves different aspects which require consideration. The main purpose of retailing is the distribution of goods and services to consumers with the aim of satisfying their needs and simultaneously the seller gaining profit. In addition, as retailing involves all the stages after the production of a product, in order to maximize the product's potential it needs to be marketed. This stage involves other counterparts who are involved in the marketing activities, not only the retailer. The retailer may also add value to the good or service by providing additional services, e.g. exclusivity such as providing home deliveries or giving an option for the customer to buy on personal credit, in order to increase customer satisfaction and profit for the seller. (Tiwari, 2009.)

There are three elements which create a strong and sustainable retail brand: art, science, and craft. Art relates to a brand having a unique value proposition which is relevant, credible and consistent. Science, on the other hand, relates to the brand's ability to understand their customers and optimize as well as measure brand performance within these customers. Lastly, craft relates to the ability for a brand to have a holistic view on all of its elements and carefully manage them. In order for a retail brand to maximize its potential, all of the three aspects should be considered and put into practice. (Spillecke & Perrey, 2013, p. 5.)

The rapid development and changing media landscape, as well as increased competition, provides its challenges for the retail industry. Also, the increased amount of consumer data, both online and offline, has provided retailers new opportunities. A typical way of answering these challenges is to work with a media agency which provides the expert knowledge on selecting the most effective media mix. However, in order for this co-operation to provide results, retailers must give thorough knowledge of their business to their media agency, be transparent towards them and discuss all matters jointly. (Spillecke & Perrey, 2013, p. 115.)

2.1.1 Finnish retailing industry

The Finnish retailing industry consists of three major operators; S Group, K Group and Lidl Finland. In 2018, S Group was the leading retailing operator followed by K Group. The market shares and retails sales in 2018 and their developments from 2017 to 2018 in Finland are summarized in Table 1.

Operator	Market share % 2018	Market share change 2017-2018	Retail sales (million euros) 2018	Retail sales change 2017-2018
S-Group	46.4 %	+ 1.09 %	8450	+ 4.66 %
K-Group	36.1 %	+ 0.84 %	6568	+ 4.27 %
Lidl Finland	9.6 %	+ 3.23 %	1754	+ 7.21 %
Tokmanni	3.0 %	+ 87.5 %	553	+ 101.09 %
Minimani	0.5%	- 16.67 %	97	+ 1.04 %
M-Chain	0.5%	0.00 %	85	- 6.59 %
Other independent operators	3.8%	- 30.91 %	686	- 29.71 %

TABLE 1 Finnish retailing industry market shares and sales (Finnish Grocery Trade Registered Association, 2019)

The value of retail sales in Finland in 2018 was in total 18.2 billion euros. Compared to the previous year, there was an increase of 3.4 %. The majority of the growth is accounted for supermarkets. Ecommerce sales increased, compared to the previous year, 44.3 % which accounts for 0.4 % of the total retail sales. (Finnish Grocery Trade Registered Association, 2019.)

2.1.2 Trends in the retailing industry

In their "Global Retail Trends 2019" report, IGD (2019, slide 2), which is a research and training charity operating in the food and consumer goods industry, provides five key global trends they predicted to shape the retail industry in 2019: 1) "Data dictates the way", 2) "Doing good is good business", 3) "Seamless stores", 4) "Help me be healthy", 5) "Anywhere, anytime". In addition, the grocery industry includes four main trends; 1) "Societal Shifts" (i.e. "ageing population, urbanization, time poverty, health and wellbeing", 2) "Altering Authorities" (i.e. "Data regulation, big business and start-ups"), 3) "Transformative Technology" (i.e. "Artificial intelligence, big data, Internet of Things and robotics"), 4) "Resource Resilience" (i.e. "Efficiency, future workforce and skills gaps") (IGD, 2019, slide 2).

The Finnish Council of Shopping Centers describe the key factors of Finland as a country that attract companies in the retailing industry, to be transparency, the highest GDP growth prediction in the Nordics, the fastest shopping center market growth in the Eurozone providing excellent opportunities for retail brands, the country's consumers belonging to the top ten wealthiest in the European Union, and lastly the rapid growth of population in large cities with over 20 % of the population living in the metropolitan area of Helsinki. Added to this, the forecast for the next ten years is 156 000 new inhabitants which will provide a great demand for retail companies. (Retail Facts Finland, 2019.)

2.2 Advertising

The interplay of communication and marketing can be seen as a force that has created advertising. The present economic and social system has demanded advertising and communication to be an indelible part of the life of peoples and organizations. (Nichifor, 2014.)

Fletcher (2010, p. 1) argues that defining advertising with only one definition is challenging but tries to elaborate on this by describing the difference between advertising and advertisements as:

> First, there is difference between advertising and advertisements: advertising is a process, advertisements are the end result of that process, but the words are often used interchangeably. Second, and perhaps more importantly, while the public uses the word 'advertising' to cover all kinds of publicity, within the advertising industry the word is used fairly specifically (though even here, confusions arise).

Advertising may be defined as, "…the placement of announcements and messages in time or space by business firms, nonprofit organizations, government agencies, and individuals who seek to inform and/or persuade members of a particular target market or audience regarding their products, services, organizations or ideas" (American Marketing Association, 2020). Often times advertising is used to communicate something to the public; promote a new brand or product, build awareness of a brand or product towards people

unaware of it, or convince consumers to use a brand or product. As advertising may have many different objectives, an advertising strategy sets the objective or objectives for the advertised object. The advertising strategy ensures that the message chosen will be communicated to consumers most effectively in terms of media selection, brand message and tone, and budget (Fletcher, 2010).

In order for marketers to create more effective advertising strategies, they should concentrate on understanding how advertising works and how it affects audiences such as consumers. Vakratsas and Ambler (1999) propose a framework for how advertising works and how it affects the audience. Firstly, they argue that advertising must generate a mental effect affecting attitudes, memory or creating awareness. Only after this, advertising can influence consumers' behavior cognitively. Cognition is defined by Cambridge Oxford Dictionary (2019) as, "Relating to or involving the processes of thinking and reasoning", and affect, i.e. the feelings a person has. Behavior is strongly affected by experience; a consumer may relate memories, conscious or unconscious, to past purchase behavior which, in turn, affects the experience (Vakratsas & Ambler, 1999). The framework by Vakratsas and Ambler (1999, p. 26) is presented in Figure 2.

ADVERTISING INPUT:
Message content, media scheduling, repetition

FILTERS:
Motivation, ability (involvement)

CONSUMER
Cognition   Affect   Experience

CONSUMER BEHAVIOR:
Choice, consumption, loyalty, habit, and so forth
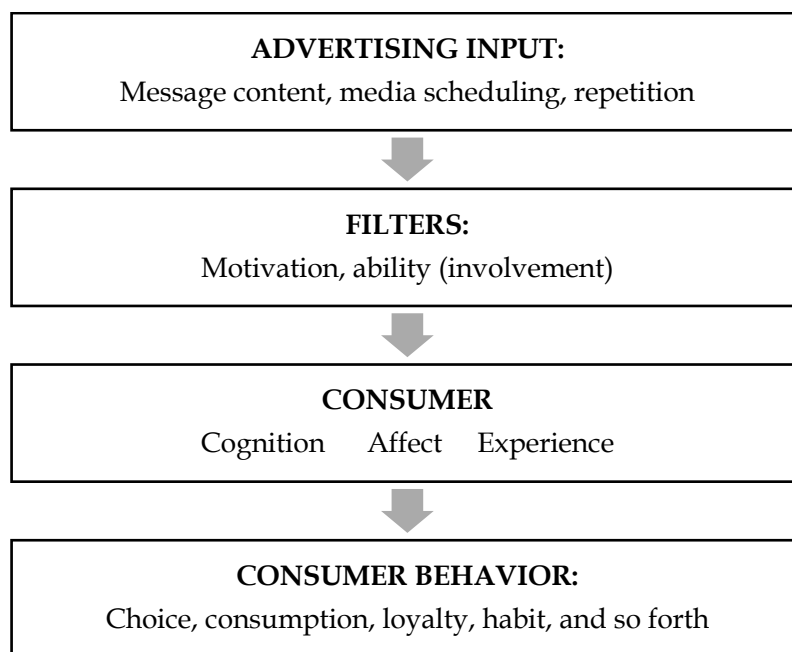
FIGURE 2 How advertising works by Vakratsas and Ambler (1999, p. 26)

There are different models that describe the functioning of advertising. Market response models combine measures such as price and advertising directly to measures explaining purchase behavior, such as sales, brand choice and market share. In this model, behavior of a repeated purchase would describe the measurement of loyalty, instead of attitude of mind. (Vakratsas & Ambler, 1999.)

Cognitive information models propose that consumers base their decision-making only on rationality and assumes advertising does not affect consumer preferences. Here, the objective of advertising is towards informing consumers

and helping them for example finding a certain product when shopping. (Vakratsas & Ambler, 1999.)

Pure affect models relate to consumers feelings and attitudes, and here advertisements influence consumers' affections. A practical example of this theory is the creation of feelings in consumers through advertisements. The advertisements lead to either consumers' attitude formation towards the advertisement or the brand. (Vakratsas & Ambler, 1999.)

Persuasive hierarchy models describe consumers' decisions to be a result of effects which all lead step by step towards affecting the consumer. (Vakratsas & Ambler, 1999) This is further explained:

> The idea that, if advertising is to promote sales, it must inform and then persuade intuitive appeal. Persuasive models introduced the concept of a hierarchy of effects, that is, an order in which things happen, with the implication that the earlier effects, being necessary preconditions, are more important. (Vakratsas & Ambler, 1999, p. 32.)

Tellis (2009, p. 240) examines advertising with a term 'advertising elasticity'. He defines it as, ""Advertising elasticity" is the percentage change in sales of a brand for a 1 percent change in the level of advertising." This examines the correlation between sales and advertising and its outcome derives from an econometric model which dependent variable is sales and independent variable is advertising. Tellis (2009) further explains this by giving a generalization about the model with 260 researches made on it; when advertising changes by 1 percent, sales or market share changes 0.1 percent, resulting in advertising elasticity of 0.1.

Often times marketers assume increasing advertising budgets result in more effect. As a second finding, Tellis (2009) examines a term which he calls 'weight'. This term gives insight into advertising budgets' increases and whether those result in increased or decreased sales of a product. Tellis (2009) continues and states, based on more than 450 market or field experiments, the effect of 'weight' is not as dramatic as one could assume; large increases or decreases in budgets do not result in large changes in sales and when cutting budgets, actual decrease in sales will take a while. Moreover, advertising effects are more likely to happen when the advertising itself is changed; changes in media, the product, target groups and content. Tellis (2009) argues companies should focus on versatility, e.g. in content, media, schedule or target groups, in their advertising.

An advertisement campaign consists usually of a time period in which advertisements are shown. Two important factors within this setting, as Tellis (2009) describes, are frequency and, as Tellis calls it, 'wear-in' and 'wear-out' effects. Frequency tells how many times an advertisement is shown to someone in a target group. The term should be treated with caution as misunderstanding it may lead to common pitfalls, e.g. the thought of increasing frequency results in increased sales. In turn, 'wear-in' and 'wear-out' refer to the long-term effect of advertising; 'wear-in' refers to when advertising exposure has a positive effect during a campaign period and 'wear-out' when the effect is negative (Tellis, 2009).

As key implications for the two terms related to time and advertising repetition, Tellis (2009) states consumers' brand choice is more likely to be a

result of reach rather than frequency of advertising. Also here, the importance lies in differentiation; companies should tailor advertising for different target groups, e.g. loyal customers vs. potential customers. In addition, 'wear-in' usually happens straight-forward right from the start; if an advertisement campaign starts with the 'wear-out' effect, it is unlikely it will take off at any stage (Tellis, 2009).

It is challenging for companies to prove how effective advertising actually is (Sethuraman, Tellis & Briesch, 2011). Although companies identify advertising to be a key element in order to compete among others, the complexity how consumers base their decisions makes it hard for companies to know how advertising really works. Companies should realize that a consumer's decision-making involves many factors such as word-of-mouth (WOM) references, personal preference, past purchase satisfaction or the exposure to advertisements. Thus, in order to understand what the advertising effects are, one should understand all the factors which may influence consumers' decision-making (Tellis, 2004, p. 5).

Time factors should also be considered. Consumers might respond instantly when seeing an advertisement, which results in an instantaneous effect. This happens when someone seeing an advertisement acts promptly to a certain cue in the advertisement. On the other hand, an advertisement may not result in an instantaneous effect. Consumers might wait in order to gain more knowledge, make research or ask for references from acquaintances, on the brand or product they were exposed to. This effect is called the carryover. (Tellis, 2004, p. 6.)

2.2.1 Advertising trends

The development of technology is the latest major trend which has also changed advertising. Advertising has evolved from the straight-forward one-way messaging to more two-way interaction where the company-customer relationship is in the center of focus (Kumar & Gupta, 2016). Kumar and Gupta (2016, p. 303-313) provide generalizations about the future of advertising and the most important ones concerning online targeting and personalization are summarized in Table 2.

Generalization	The meaning
Personalized communication will play a pivotal role in advertising.	Consumers expect personalized communication to match their increased demands.
Advertising messaging will be increasingly targeted and contextually relevant.	Advertisers must identify consumers' media usage and deliver advertising at the right time in the right channel.
Credibility of the advertisement context will continue to inspire customer trust/brand trustworthiness, but less so than in the past.	Consumers want to relate the brands they follow to credible sources.
Advertising focus will increasingly be directed towards building profitable customer engagement.	This includes for example data-driven marketing which enables the personalization of advertising hence answers consumers' demands.
Real-time, relevant advertising is an integral (dominant) component in the firm's integrated marketing communication strategy.	In addition to personalized content, consumers instant need and want for it will increase.
Firms will increasingly focus on their advertising strategies based on the nature of the product category.	In order to match consumers' needs in the right context at the right time, advertisers must recognize consumers' behavior between product categories differ.
Firms will increasingly leverage digital platforms to encourage and facilitate customer engagement and a deeper relationship across all digital as well as nondigital properties.	Data enables advertisers for more effective advertising. As consumers use more and more channels to interact with brands, the level of engagement increases.

TABLE 2 Generalizations about the future of advertising (Kumar and Gupta, 2016, p. 303-313)

Kumar and Gupta (2016) set sights on how advertising will develop as they emphasize successful companies being able to provide targeted, relevant and reliable communication to consumers who feel they are treated as people and not data points. Kumar and Gupta (2016) continue to discuss the issue from the perspective of the big data revolution which has empowered consumers like never before; consumers are more connected than ever and have more possibilities to choose from.

2.2.2 Online advertising types

The main online advertising forms are social media advertising, search engine marketing, banner and pop-up advertisements. Social media advertising involves advertisements which advertisers purchase on social media channels such as Facebook, Instagram, YouTube, or Twitter, with the aim of communicating directly to their customers. Pop-up advertisements are advertisements which open a new web browser, and which are often showed to users based on their past web-browsing history. Display advertisements connect users directly to advertisers' websites once the advertisement is clicked on. With

search engine marketing, companies are able to show their advertisements in search engines by connecting with consumers' searches which trigger advertisers' search advertisements. (Kariyawasam & Wigley, 2017.)

2.2.2.1 Email marketing

Email marketing is vital for relationship building between companies and their consumers. A common way for companies to do email marketing is permission-based email marketing. Here consumers give their consent and thereby accept the distribution of emails (Ellis-Chadwick & Doherty, 2011). Email marketing is challenged by unwanted emails known as spam (Pavlov, Melville & Plice, 2008). The controversy and current status of email marketing is discussed more by Hudák, Kianicková and Madlenák (2017, p. 346):

> E-mail marketing has been long regarded as untrustworthy and customers' unsolicited form of marketing communication. At present, its status has changed and is considered as one of the most effective marketing activities involved in building the brand, improve relationships with customers, getting new contacts and sales promotion company.

In order for successful email marketing, companies must assign before-hand a campaign objective and key metrics to follow. In addition, the right content must be chosen which is relevant for the target group and which, in turn, will bring the wanted conversion. A common tool for collecting results in email marketing and evaluating the success is Google Analytics[1] which provides data such as time spent on a website, page views, revenue generated, and conversions (Hudák et al., 2017). The effectiveness of email marketing has gained evidence from the United States where it has been in some cases the most cost-efficient marketing method in retaining customers, acquiring new customers, building consumer awareness, converting customers, and providing the best return-on-investment (Todor, 2017).

As for any marketing channel there are advantages and disadvantages also for email marketing. These are summarized in Table 3.

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[1] "Google Analytics is a website traffic analysis application that provides real-time statistics and analysis of user interaction with the website" (Techopedia, 2019).

Advantages	Disadvantages
Easy recover of investment: studies have shown that for every unit of money invested companies can expect over 40 units in terms or return, which can make it possible to say that the ROI (Return on Investment) is higher than for other marketing methods.	**The risk for e-mail not to be delivered**: many of nowadays ISPs are using very complex junk-mail filters, so there is a risk for the e-mail not to reach the inbox.
It is easy measurable: companies can easily get very accurate statistics regarding a certain campaign. They know how many e-mails were sent, how many of them were opened, the click rate or the unsubscribe rate.	**The high rate of unopened e-mails**: customers are overload with e-mails and sometimes they simply don't open many of the received e-mails.
E-mail marketing is fast and efficient: in a world where competition is tremendous timing can be of a crucial importance and traditional channels cannot provide possibility to reach customers in very short time as e-mail campaigns can do.	**The rising rate of unsubscribing**: it is not easy to keep subscribers engaged with the company for a long period of time.
Very meaningful: the message for different customers can be customized by proving contents and promotions that are consistent for their profile.	**Renderability**: some of the browsers cannot display the creative content and for this reason the recipient might instantly close the window.
	Costs: even though e-mail marketing is at the first sight very inexpensive, in order to deliver sophisticated e-mail newsletter to the customers, technology resources are required, otherwise the company risks to send useless spam messaged.

TABLE 3 Advantages and disadvantages of email marketing (Todor, 2017, p. 62)

One form of email marketing is a newsletter. For companies, both business to business and business to consumer, a newsletter usually has the objective of reminding the recipient of the company, informing existing and potential customers, increase a brand's credibility, convince recipients to buy, and collect feedback. Still, the most important aspect for newsletters is to provide information that is useful. If companies fail in doing this, people will unsubscribe from the newsletter, which in turn, may lead to negative brand effects. (Hudák et al., 2017.)

2.2.2.2 Social media marketing

Kaplan and Haenlein (2010, p. 61) define social media as, "…a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content." Another definition of social media is given by Investopedia (2019), "Social media is computer-based technology that facilitates the sharing of ideas, thoughts, and information through the building of virtual networks and communities." Sterne (2010, p. 17) defines social media as, "…consumer-generated content distributed

through easy-to-access online tools." On the other hand, social media marketing is defined as, "…the use of social media websites and social networks to market a company's products and services" (Investopedia, 2018). In addition, social media marketing allows companies to provide easily accessible content for consumers simultaneously tracking their behavior (Thornhill, Xie & Lee, 2017).

Traditional advertising has its limitations in terms of its one-way communication type and the nature of it being expensive. These reasons have shifted marketers more and more towards the online environment as marketers are able to overcome these issues there. In addition, many companies have adapted their communication strategies to include social media as the channel has emerged and developed. The strengths of social media advertising are its potential for two-way communication and advertisers being able to track users' responses. (Boateng and Okoe, 2015.)

Sterne (2010, p. 5) argues there are three business goals for companies' social media activities; increase revenue, decrease costs, or increase customer satisfaction. Sterne (2010, p. 5) emphasizes the importance of these three goals stating that if companies are not improving at least one of these goals they are wasting time and money, and will have negative effects on customer acquisition.

The 'Engagement Food Chain' by Sterne (2010, p. 109) is presented below in Figure 3 in order to better understand what leads to actual engagement on social media. For the purpose of this study, this framework is used to understand the steps users on social media take before purchase.
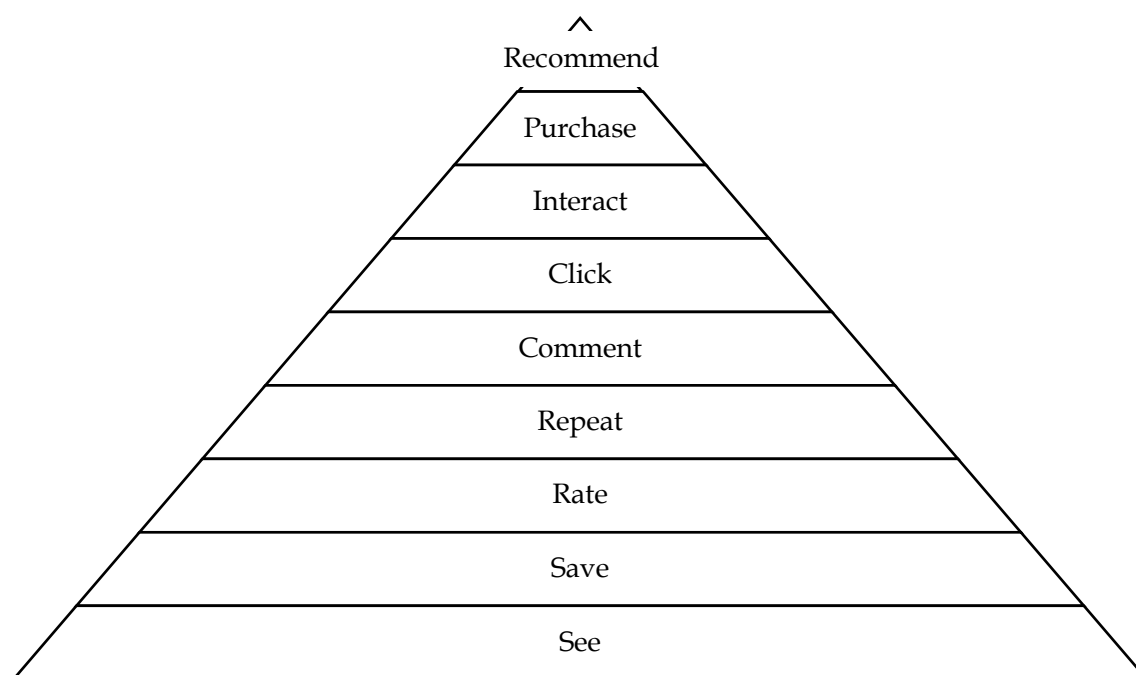

FIGURE 3 The Engagement Food Chain (Sterne, 2010)

2.2.3 Multi-channel marketing

Multi-channel marketing aims in communicating content in an integrated way through two or more channels. Customers demand to receive communication from channels they prefer has provided increased challenges for marketers to be able to match this demand (Kushwaha & Shankar, 2013). Payne, Peltier and Barger (2017) state that providing customers with multi-channel marketing increase their lifetime value and their loyalty towards the brand. Kushwaha and Shankar (2013) discuss the increased value customers bring to companies when communication is received from multiple channels as these customers are most valuable in all product categories. However, Kushwaha and Shankar (2013) continue emphasizing the not-so black and white perspective of measuring positive multi-channel marketing performance as customers behaviour differs whether a product is utilitarian (e.g. office supplies) or hedonic (e.g. cosmetics), and whether a product is seen as low risk (e.g. books) or high risk (e.g. computers).

According to Kushwaha and Shankar (2013) customers receiving communication in multiple channels are more profitable for companies than single-channel customers because shopping across channels makes customers more engaged to the purchase process. Furthermore, increased engagement may lead to customers' willingness to purchase more and increase order quantity. (Kushwaha & Shankar, 2013.)

In the light of Kushwaha's and Shankar's (2013) findings on multi-channel marketing and its ability to make a customer more profitable, the following hypothesis is proposed:

H1: Consumers exposed to the message in two channels are more profitable than consumers exposed to the message in only one channel.

2.3 Purchase behavior

Personalizing an advertisement for a specific user not always leads to higher purchase intention. Personalizing an advertisement based on a user's needs usually results in increased purchase intention. However, when the advertisement's personalization is too intrusive, purchase intention decreases. Thus, personalizing online advertising leads to higher purchase intention but at the same time raises users' feelings of intrusiveness in terms of the advertiser having too much knowledge on the users. Adding too much information about a consumer on advertisements, e.g. not only web browsing data, is likely to result in consumers' increased feelings of intrusiveness which may have a negative effect on their purchase intention. The more a person has privacy concerns, the less likely they will purchase. (van Doorn & Hoekstra, 2013.)

The effectiveness of online personalization, here speaking of online behavioral advertising, depends on the decision stage a consumer is; if a consumer is further down the purchase path, in other words has already made

research on a desired service or product, individualized targeting, i.e. online behavioral targeting, is more effective in convincing the consumer to make the purchase. On the contrary, as a consumer is in the start of the purchase journey having a broad vision on a possible purchase, personalization is not as effective. In the latter case, advertisements which are more generic lead more likely to purchase than personalized advertisements (Boerman et al., 2017). Bleier and Eisenbiss (2015) argue that personalized banners are most effective when consumers see them right after leaving an online store.

Van Doorn's and Hoekstra's (2013) view provides a double-edged sword; matching consumers' preferences increases purchase intention but the effectiveness in relation to the extent of matching consumers' preferences is still unknown. An advertisement matching consumers' needs increase purchase intention but at the same time, having too much personal information may influence purchase intention negatively as feelings of intrusiveness increase.

Following Van Doorn's and Hoekstra's (2013) findings, the following hypothesis is proposed:

H2: Matching consumers' preferences more likely results in higher profitability.

2.3.1 Purchase behaviour stages

A consumer's customer journey is created of many different components, of which one is the actual purchase and the path leading to it. A three-step purchase phase framework by Lemon and Verhoef (2016) consists of pre-purchase, purchase, and post-purchase phases. The pre-purchase stage involves all interaction a consumer has with a brand, its environment or product type before the actual purchase. This stage includes all behaviour before the purchase: the consumer recognizes needs, searches for information and considers options. (Lemon & Verhoef, 2016.)

The purchase stage involves customer behaviour such as choosing a product or service, ordering, and payment, which all happen within the purchase event. This stage may involve many stimuli affecting the purchase; information and choice overload, assurance of purchase and decision fulfilment. The aforementioned are critical in the decision-making process as consumers may stop searching or be convinced to complete the purchase. Marketing research and literature have emphasized the influence of marketing actions towards consumers in this stage. (Lemon & Verhoef, 2016.)

The post-purchase stage is the last phase of the three-step framework. Opposed to the pre-purchase stage, here are included all the interactions the consumer makes after the actual purchase. Common behaviors are usage, engagement and possible service needs towards the brand, product or service. Traditional research on this stage has focused on the experience deriving from the use of the product or service, but modern research has shifted towards understanding for example consumer loyalty, as part of the whole customer journey, towards a brand. (Lemon & Verhoef, 2016.)

Marketers and their companies should utilize the information from consumers' purchase phases, understand the perspectives from both consumer

and company point of view, identify the key actions consumers make in each stage, recognize all touchpoints from the beginning to the end of the customer journey and lastly, be able to detect when and why consumers remain in or withdraw from their purchase journey. (Lemon & Verhoef, 2016.)

The development of technology has transformed the traditional face-to-face communication, word-of-mouth (WOM) communication, into electronic WOM (eWOM) (Rahman & Mannan, 2018). Rahman and Mannan (2018, p. 407) define eWOM as, "…any statement made by the actual or potential or former customers about the products that are available to the large number of consumers and institutions via the internet technology." The transition from WOM to eWOM has been a result of consumers more and more relying on others' opinion on companies' products and services. (Rahman & Mannan, 2018.)

One of the major developments during the last decade of information technology has been the rapid growth of internet and mobile phone usage. The differences between online and offline shopping have been researched. In some cases, the brand name is more important in the online environment than offline. There is also evidence that brand loyalty is higher in the offline environment. A major difference between the online and offline environment is that the product is not physically available hence it can be seen more of an experience good. The same product may be seen as a search good, a good which consumers search and look for, in the offline environment as consumers are able to evaluate the product and its quality before purchase. (Lauraéus, 2011.)

The increased amount of information poses challenges also for the online purchase environment. E-commerce companies need to deliver consumers' information easily and fast in order to meet these consumers' expectations. However, consumers' information processing capacity is limited and therefore the amount of information given to consumers is not a guarantee of improved customer satisfaction and buying experience, but should focus in providing more quality information. The challenge of what and how much information to include applies especially to experience products, which are for example movies, clothes and music, where the product's attributes are personal for each consumer. Information quality and information quantity may be seen as major factors affecting decision quality. These two affect the efficiency how consumers' process information. (Gao, Zhang, Wang & Ba, 2012.)

Online shopping has brought increased challenges for retailers. The buying behavior has also changed, and shopping is not only the actual purchase but involves a holistic experience that impacts consumers' loyalty and value. In addition, purchase behavior differs between product categories; a product which consumers want to touch, try or smell before the actual purchase decision, involve a more thorough analysis of the product before purchasing. (Chen & Hung, 2015.)

2.3.2 Consumer purchase categories

The most comprehensive annual retail study in the Nordics, Retail Buying Study, conducted by the research company Kuulas Helsinki, identified four different types of shoppers in Finland in their 2019 report (see Figure 4). These groups

were identified by asking the respondents a question on what their preliminary way of shopping is. The first group, 46% of total, consist of "Webroomers" who are inspired in digital channels but purchase in physical stores. This group has not increased or decreased in two years. The second group "Store shoppers", accounting for 31%, use physical stores from start to finish in their purchase journey. This group has decreased by 8 % in two years. The third group identified as "Online shoppers", 21% of the total and a group that has increased by 8 %, use the online environment from start to finish in their purchase journey. Lastly, the fourth group "Showroomers", only 1 % of the total, are inspired in physical stores but purchase online. This group has decreased by 1 % in two years. For the near future, as Amazon will be arriving to the Nordics, it is expected that consumers go more towards full online use. (Kuulas Helsinki, 2019.)

FIGURE 4 Finnish consumer purchase categories (Kuulas Helsinki, 2019)

In the same study generations are divided into three groups; Millennials, Generation X, and Baby Boomers. Millennials are under 35 years of age, Generation X includes 35-55-year-olds, and Baby Boomers are 55 and over. In relation to the earlier mentioned four shopping behavior categories, it may be seen in Figure 5 how each generation is divided by shopping behavior. (Kuulas Helsinki, 2019.)

Three different generations presented in the four purchase pattern categories, Finland

Respondents (0-100%)

Webroomers: Millennials 49%, Generation X 51%, Baby Boomers 41%
Store Shoppers: Millennials 19%, Generation X 25%, Baby Boomers 44%
Online Shoppers: Millennials 29%, Generation X 22%, Baby Boomers 14%
Showroomers: Millennials 2%, Generation X 2%, Baby Boomers 1%

■ Millennials   ■ Generation X   ■ Baby Boomers

FIGURE 5 Finnish consumer purchase categories by generation (Kuulas Helsinki, 2019)

The research also compared the purchase patterns and categories of the Nordic countries with Amazon countries, in other words those countries where the online retailer Amazon have dedicated marketplaces (see Figure 6). From the research results it can be predicted that the arrival of Amazon will dramatically change the retailing industry in Finland and the Nordic countries. It can also be seen that in the Amazon countries, the "Online shoppers" category stands out. This pattern suggests, once Amazon has arrived in Finland and the Nordic countries, the purchase behavior will focus in starting the purchase journey from the online environment and ending it there as well. (Kuulas Helsinki, 2019.)

Four different purchase pattern categories compared between the Nordics and Amazon countries

Respondetns (0-100%)

Webroomers: The Nordics 48%, Amazon countries 37%
Store Shoppers: The Nordics 29%, Amazon countries 25%
Online Shoppers: The Nordics 21%, Amazon countries 35%
Showroomers: The Nordics 2%, Amazon countries 3%

■ The Nordics   ■ Amazon countries

FIGURE 6 Nordic consumer purchase categories compared to Amazon countries (Kuulas Helsinki, 2019)

2.3.3 Online purchase behavior in Finland

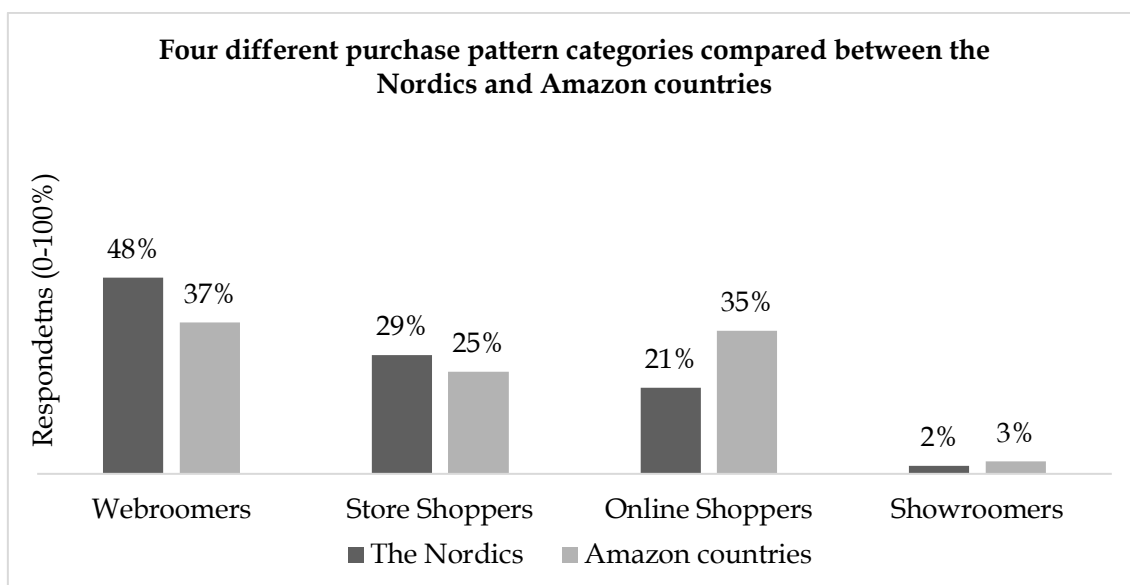According to Statistics Finland (2019), the Finnish public authority on statistics and information services, 50 % of 16 to 89-year-old people have bought something online in the past three months (the report was published 7 November 2019). Over the past twelve months, the share was 67 %. Finnish people buy online mostly clothes and shoes (47 %), entrance tickets (39 %) and accommodation services (35 %). There is no significant difference between genders in buying online in general, however there are differences in product categories. (Statistics Finland, 2019.) These figures are summarized in Figure 7.
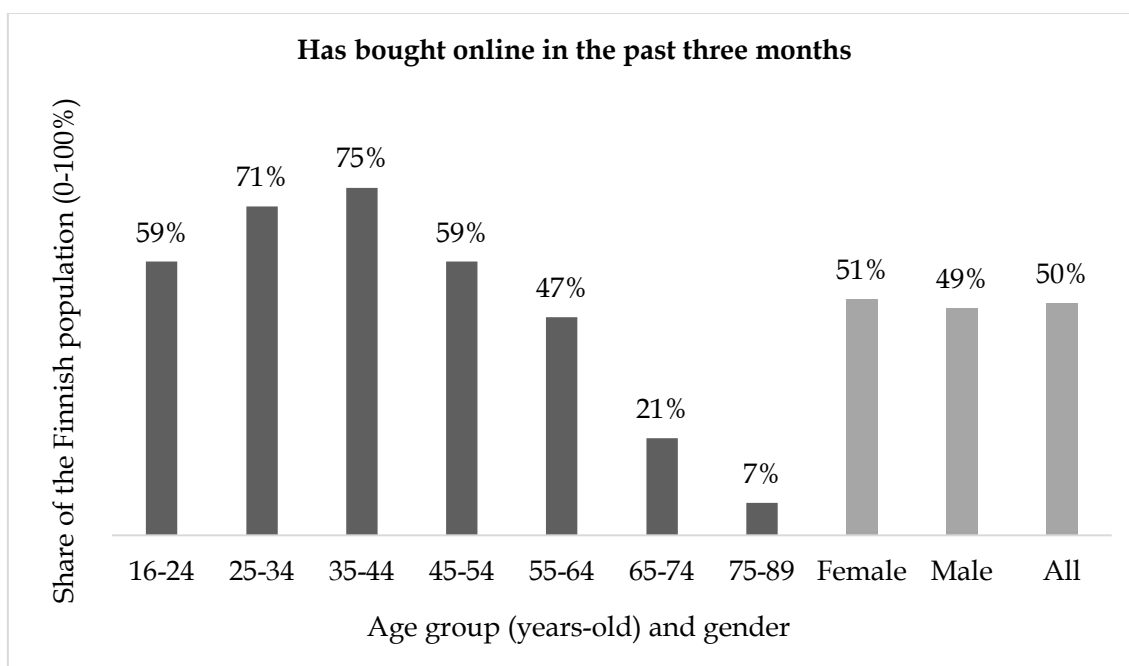
FIGURE 7 Finnish consumers' online shopping in the past three months (Statistics Finland, 2019)

During 2004-2013 the growth of people buying online has over tripled. However, 2013 onwards the growth has been slow with only older age groups, 55-years old and older resulting in more rapid growth. The adoption of online purchases within 35-years-old and younger is one reason for slow growth. Older age groups tend to buy non routine products or services, such as vacations, whereas younger people buy more day-to-day products with more routine, such as entrance tickets or clothes. The most purchased product categories are clothes and shoes, entrance tickets to cultural events, accommodation and travelling services, online gambling, and other accommodation and travelling related services, of which the two first categories have seen above average growth compared to online buying in general. Online buying is more popular in larger city areas in Finland, with some of the reasons being the age structure focusing in younger age groups in large city areas, services which are bought mostly online focusing in cities, and

universities focusing in large cities with students being an active group buying online. However, people living in urban areas where brick-and-mortar stores are few, online buying is accentuated. (Statistics Finland, 2019.)

To support this research's empirical case study, which focuses on the toys product category, it is important to look more in depth in that product category. The research from Statistics Finland (2019) highlights 35-44 years-old being the most active age group in purchasing and ordering online in the product category of white goods, furniture or toys. In addition, there is a difference in gender, female accounting for 20 % and male 11 % of the population in the past 12 months. These figures are summarized in Figure 8.
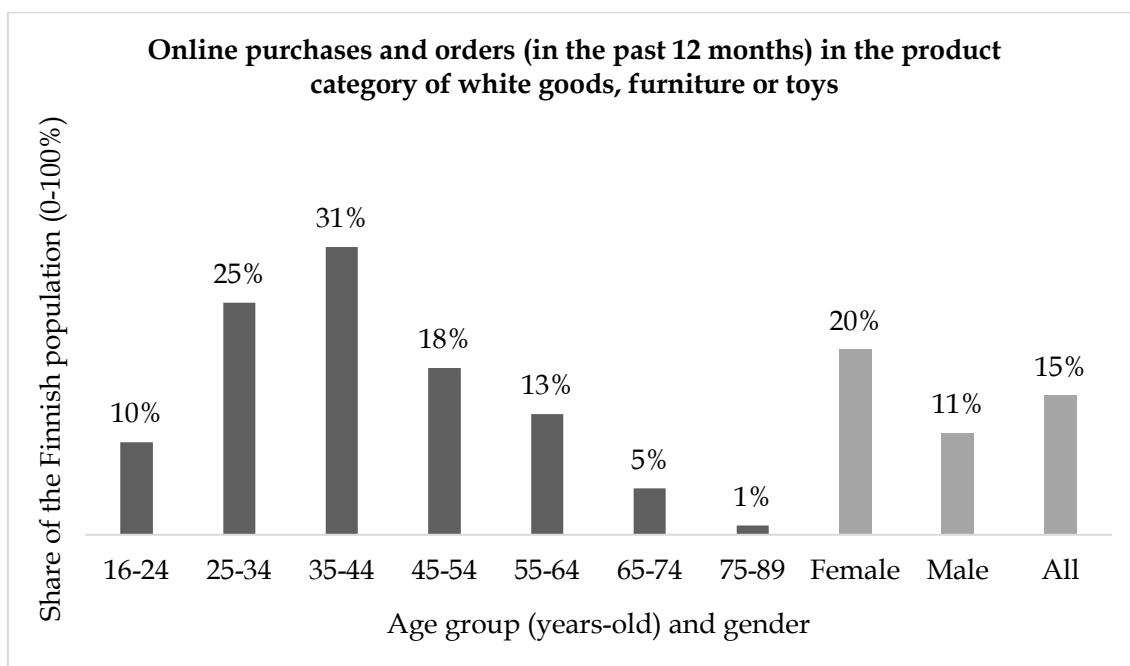
FIGURE 8 Online purchases and orders in the product category of white goods, furniture or toys (Statistics Finland, 2019)

2.4 Online targeting

The term targeting is described by Micu (2005, p. 208) as, "…the process through which marketing communicators deliver messages more accurately and prevent wasted coverage to prospects not included the intended audience." According to Schumann, von Wangenheim and Groene (2014), a majority of websites are free of use but are dependent on advertising revenues. In order to increase revenues to reach their full potential, advertisers use targeted advertising to increase relevancy of advertisements. Schumann et al. (2014) state that targeted online advertising is online advertising in which advertisers utilize information they have gathered from users, for example web-browsing behavior, demographic and geographic information, or survey data, to show advertising to them. Van

Doorn and Hoekstra (2013) explain the trend online targeting has been developing to by stating that gathering customers' detailed information has increased but at the same time it has encountered critical public attention.

To do ad targeting, an advertiser may select a specific group of people of a larger group. Some examples are choosing online users based on demographic information, for example female 26 to 54 years old who have expressed an interest towards a certain topic. Thus, online targeting decreases the costs for an advertiser to identify consumers of a certain interest or topic, and this may be seen as a strength of targeting in the online environment opposed to traditional media. Other strengths of the online environment are companies being able to collect large amounts of data easily and showing specific advertisements to specific people. Once an advertiser has collected data, advanced technology and algorithms enable online targeting, which further allow showing the right advertisements to a specific target group. (Goldfarb & Tucker, 2011.)

Different online targeting types are shown in Table 4.

Targeting type	Definition
Contextual targeting	Ad is matched to content it is displayed alongside
Behavioral targeting	Use prior click-stream data of customer to determine whether they are a good match for the ad. Scope generally depends on whether ad network or website publisher controls which ads get displayed
Retargeting (Search)	Online ad is shown to user who previously searched using a particular search term
Retargeting (Website)	Online ad is shown to user who previously visited a website but did not 'convert'
Real-Time Targeting	Advertiser has power to decide in 'real-time' whether to serve an ad to a customer based on data the website shares with them about that user
'Look-alike' Targeting	Targeting based on users having similar characteristics to current customer
'Act-alike' Targeting	Targeting based on users having click-through paths which resemble successful conversions
Demographic Targeting	Publisher uses data that customer has volunteered such as age, gender, location and interests to choose whom to display ads to

TABLE 4 Online targeting types (Goldfarb and Tucker, 2011, p. 12)

All of the above targeting options have in common the use of different media platforms to display advertisements. In addition, these media platforms collect the behavior of the users using them, commonly known as click-stream data. (Goldfarb and Tucker, 2011.)

2.4.1 Behavioral targeting

Behavioral tracking enables marketers to tailor their offerings and services to differently behaving consumers. Placing cookies on online users once they visit companies' websites enable behavioral tracking and provides marketers data which to utilize. Whether a consumer searches and looks for new products to buy on a seller's website or is a revisiting consumer, the seller may provide tailored offerings to each consumer. There are many reasons for companies to utilize behavioral tracking; potential sales increase, use of easily applicable offer and price experimentations, tailoring offerings based on website visitors purchase stages, aligning a company's prices with the competition, and increase relevancy in messages intended to consumers. (Alreck & Settle, 2007.)

Companies utilizing behavioral targeting enables them to provide more relevant online advertising through the collection of web-browsing data. This consumer specific data includes for example information on gender, age, ethnicity, or shopping interests. Behavioral targeting is enabled by technologies which collect online users' data and applies that to show individualized messages to consumers. Behavioral targeting may be utilized for example to match consumers' potential future purchases by showing relevant advertising to consumers' needs. (Dwyer, 2009.)

Boerman et al. (2017) discuss the collection and monitoring of online users' information in order to utilize it in individualized advertising purposes such as online behavioral advertising. They further define it to be the collection of people's behavior online which is then used to deliver personalized advertisements to them. This information on consumers' online behavior can include different web-browsing activities such as visited websites, watched videos, articles read and search engine activity. Once a user visits different websites about a specific theme, an advertising network can then show advertisements based on this specific theme. (Boerman et al., 2017.)

In addition to retargeting, behavioral advertising is one of the most used targeting methods in modern digital advertising. Opposed to retargeting, behavioral targeting enables showing advertisements based on users' online behaviour such as interests or preferences, which are based on an individual's online profile (Boerman et al., 2017). The information, on which marketers are able to utilize online behavioral targeting, is collected from a user's online browsing behavior. This type of targeting is enabled by modern tracking technology which is able to collect online users' website behaviour and show advertisements based on this. All in all, behavioral targeting enables marketers to better match their online advertisements towards online users' characteristics and preferences based on search and web browsing behaviour as well as other online information registered to websites (Chen & Stallaert, 2014).

Based on previous studies about online behavioral advertising, Boerman et al. (2017) have developed a framework which explains consumers' reactance to online behavioral advertising and how consumers perceive online advertisements. This framework is shown in Figure 9.
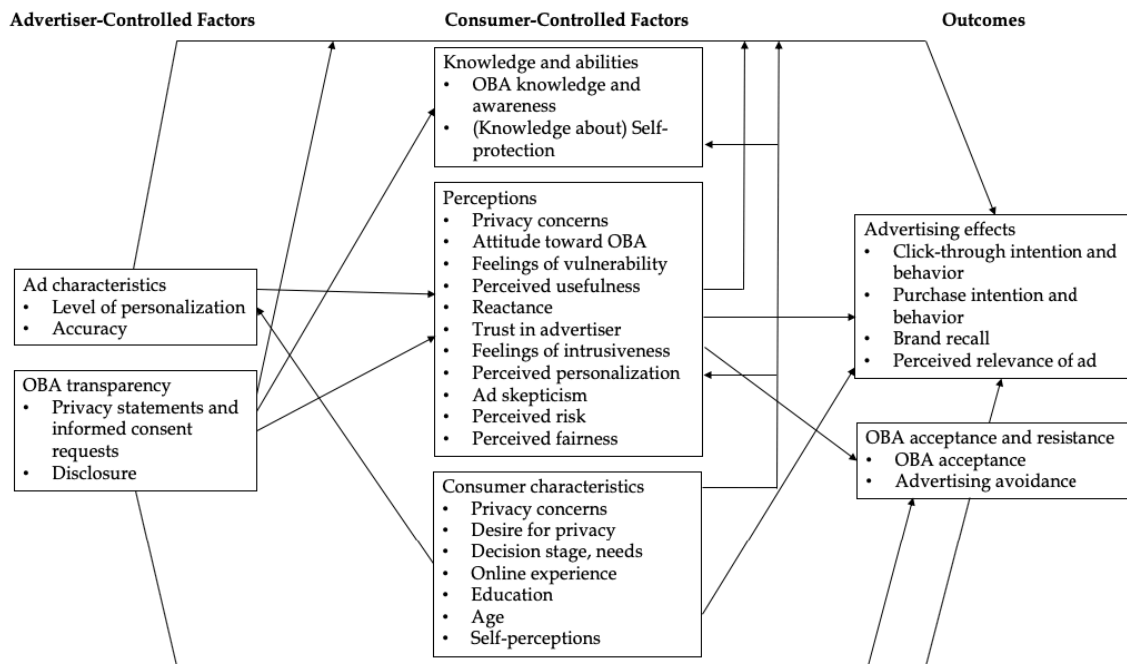
FIGURE 9 Framework of consumers' reactance towards online behavioral advertising (Boerman et al., 2017, p. 365)

2.4.2 Retargeting

One form of online targeting is retargeting. When a user visits a company's website, the user's profile is tracked by a tracking cookie placed on the website which enables the company to show specific ads to this user. The cookie tracks the user's behaviour on the website and then this information is collected. Often, several advertising spaces form ad networks which enable the distribution of certain ads on multiple websites. This allows advertisers to retarget users who visited their website in the ad network by buying this network's advertising space. (Bleier & Eisenbiss, 2015.)

In order for retailers to stand out from the large amount of advertising messages, retargeting methods are increasingly adopted in order to match advertising with individual consumers. Retailers may employ retargeted advertising based on consumers' preferences, interests or online shopping behaviour. This may be seen for example in banner ads which incorporate these consumers' traits with the objective of making the advertisements more relevant. Retargeting has however its risks in matching consumers' characteristics in too much detail which has brought consumers increased privacy concerns; they may feel manipulated or have a feeling of lost freedom. As a result, many consumers may not want retailers to personalize their advertisements as these consumers know they are tracked, and their data gathered. (Bleier & Eisenbiss, 2015.)

Goldfarb and Tucker (2011) further highlight retargeting to be highly important within online targeting methods as this enables advertisers to know whether a consumer is interested in a specific product or service. Advertisers

may create a loop in which they persuade a customer to return to their website if they have abandoned it earlier.

2.4.3 Online personalization

Personalization as a concept was first introduced in the end of the nineteenth century. Personalization enables the creation of individualized communication based on customers' interests (Tran, 2017). Personalization is an emerging topic within advertising and marketing. Two decades ago, it was estimated that marketers will be able, at some point, reach consumers exactly when it is most beneficiary in terms of advertising purposes. Reaching consumers at the right time at the right place has been enabled by technological developments within digital media. Furthermore, online personalization, when speaking of targeting, is given increased attention and advertisers are trying to exploit advanced targeting options including targeting based on users' online behaviour (dependent on the context, location, past behaviour, e.g. retargeting) or personal preferences (tailoring the message of an ad). All this should increase the effectiveness of online advertising as consumers are addressed based on their personal relevance such as characteristics or habits (Ozcelik & Varnali, 2018). Companies are able to provide more relevant and effective advertisements for their customers with targeted advertising (Schumann et al., 2014). Shanahan, Tran and Taylor (2019) explain that companies benefit from using personalization as it provides efficient advertising and relationship management in email and social media.

Marketers have shifted their budgets increasingly to the online environment resulting in a significant portion of all advertising spend. Liu-Thompkins (2018) elaborates on this by stating online advertising spend accounted for 41% of global advertising spend in 2017. Companies want to see a return on large media investments and seek to find solutions which bring the best outcome. Lambrecht and Tucker (2013) highlight the use of 'dynamic behavioural targeting' which enables marketers to show ads based on internet users' past online browsing behaviour. In addition to growing advertising budgets, technology related to the online environment has developed. The advertising industry has come a long way from 1994 when the first banner ad was shown, to the modern era where marketers have tens of different ad formats at their disposal with technology enabling modern online advertising such as retargeting (Liu-Thompkins, 2018).

The rapid development of the internet has transformed the advertising industry during the past ten years. Traditional media has been accompanied by promotional online platforms and placements such as social media advertising, display advertising or search engine marketing. The rapid development of the online, and offline, environment has proposed a significant increase in the number of advertising messages consumers are encountering. In order for advertisers to break through this 'advertising clutter', the use of personalization techniques have been adopted (Schreiner, Rese & Baier, 2019). Moreover, Shanahan et al. (2019) explain the importance of personalization by arguing that personalization improves the relationship between companies and their

consumers by creating brand loyalty which, in turn, fosters consumers' purchase behaviour.

Today, companies have access to consumer-specific data which enables companies to adjust digital advertising towards their consumers' preferences and needs. Opposed to traditional advertising, which aims in providing consumers a message which they recall later, digital advertising provides a narrower approach for companies to communicate with their potential consumers, e.g. influencing consumers' purchase decisions more swiftly. The positive outcomes of utilizing technology in digital advertising derive from consumers' responding more positively to relevant advertisements. The increased amount of information consumers are facing today may be overcome by companies by targeting consumers based on their interests, demographics, browsing behaviour or location. Although companies have identified the value which effective personalization strategies could potentially bring, not many, only 6% of companies world-wide reported by eMarketer in 2017, are in a stage where a personalization strategy would be implemented to its fullest. (Frick, 2018.)

In order for companies to execute online advertising personalization, they must have online data on their consumers. This information may be called clickstream data, which includes records of consumers' online behaviour; e.g. visited websites, time spent on websites or the order each website was visited. Companies gathering this clickstream data has ultimately been enabled by the development of internet technologies. It must be remembered it is not sufficient enough to only gather this data in order to make strategic decisions but companies should have specialists with the capability to understand this information technology. (Li, 2014, p. 62.)

Technology has been the driving force which has enabled the rapid development of the online advertising industry. It has also provided more and more tactics for online advertisers, many of them related to advertisement targeting. The industry, involving many parties such as advertisers, technology companies and ad networks, involve large amounts of resources which try to develop even further targeting and data collection methods for advertisers to be used. Consumers demand for relevancy from the messages communicated to them has substantially increased and modern online advertising methods, which aim in delivering relevancy, have already been shown to be efficient (Kagan & Bekkerman, 2018). Both consumers and marketers benefit from personalization as consumers' needs and preferences are more effectively matched (Tran, 2017).

One form of personalization is individualizing the message from the advertiser to the consumer. This may be done after gathering the online data which allows companies to meet an individual consumer's preferences or characteristics. An example of this type of individualization is including the recipient's name in the message. However, only modifying the message by including the recipient's name may be insufficient. In order to have a real effect, the message could be individualized according to the recipient's personality, past behaviour, ideology or habits. The objective of all the aforementioned is to create a message which incorporates the recipient's characteristics. A message which matches consumers' preferences is likely to convince the consumers to make favourable actions towards the advertiser. The attention value towards a more

individualized message should be higher hence the recipient assesses the message more thoroughly. However, consumers have an increased expectation level for advertisers practicing individualization of messages sent to them which requires advertisers to pay an increased attention to their personalization work. (Li, 2014, p. 63-65.)

Based on Frick's (2018) findings on utilizing technology in order to provide more relevant ads to consumers resulting in more effective online targeting, this research suggests the following hypothesis:

H3: Targeting based on consumers' preferences and behavior results in higher profitability than broad targeting.

2.4.4 Privacy

The rise of online advertising and the use of data has introduced another area of interest both for companies and customers; how marketers utilize data and to what extent. Data privacy has become a significant issue for the online industry (Ferrell, 2017). Goldfarb and Tucker (2011) further explain the increased concerns consumers have on their data privacy due to the rapid growth of data which has enabled more sophisticated methods of online advertising targeting. Moreover, there can be negative effects of the increased amount of consumer data if it is used unprofessionally. Still, once consumer data is used correctly, there are substantial benefits (Martin and Murphy, 2017).

However, as marketers try to provide consumers with the aforementioned benefits, regulators, researchers and other critics have increasingly started to focus in securing consumers' data privacy (Martin & Murphy, 2017). Schumann et al. (2014) highlight privacy concerns being a major barrier for consumers' perceptions on targeted online advertising and it is reported, in the US, two thirds of adults do not want to be targeted based on their past web browsing and search behavior. The lack of research on how websites give attention to these privacy issues is also listed as a major barrier for consumer acceptance on online targeted advertising. To increase this acceptance, companies globally emphasize the aspect of increased relevancy which derives from targeted online advertising (Schumann et al., 2014).

In order for companies to reduce the concerns consumers have on data privacy, privacy statements are shown on websites telling which personal information is collected, how and why it is collected. This should, in theory, help to gain the trust of consumers but as privacy statements often fail to grasp the attention of its intended recipients, according to Boerman et al. (2017) for one person to read all privacy statements on visited websites would take about 201 hours per year, the privacy statements unsuccessfully provide the information what they are intended to do. (Boerman et al., 2017.)

The rise in privacy concerns has increased consumers' knowledge on how to proactively reduce those risks of having personal information mistreated. The reactions consumers have on online behavioral tracking and targeting show that consumers are able to reduce risks on privacy concerns if they are familiar with

the methods that track their online behavior. However, it is a question whether these actions will be adopted by the public. (Alreck & Settle, 2007.)

3 DATA AND METHODOLOGY

Gaining understanding on a phenomenon not yet understood or something unknown is the main aim of research (Kothari, 2004, p. 2). Adams, Khan and Raeside (2014, p. 5) discuss the meanings of the terms 'method' and 'methodology' and make the following differentiation, defining 'method' as, "…a way of conducting and implementing research", whereas 'methodology' stands for, "…the science and philosophy behind all research."

This chapter introduces the methodological approach to the empirical case study. The type of the case study research, quantitative research, is first presented. Secondly, the data collection procedure and practical implementation is reviewed. Lastly, the data analysis method is discussed.

3.1 Case company description

The company providing the empirical case study setting and data for this research is a retailer from Finland.

3.2 Quantitative research

The measurement of quantitative research is conducted with statistical analysis. It can be applied to many different areas of life such as business, sociological and clinical research (Adams et al., 2014, p. 6). The importance for business research is that decision-making is more and more based on facts which means business researchers must analyse numerical data (Adams et al., 2014, p. 169). Quantitative research measures amount or quantity (Kothari, 2014, p. 3).

3.3 Data collection and practical implementation

Data analysis in quantitative research aims in confirming and identifying relationships in the data. Before the actual analysis phase, the data has to be edited, coded and in some cases transformed. This aims in preparing the data to be used correctly in the data analysis. (Hair, Celsi, Money, Samouel and Page, 2016, p. 316.)

The data analysis of this research was implemented by a statistical analysis software package, SPSS. Before discussing how the data was treated in this study, the terms 'variable' and 'case' are defined; in a data set each column is a variable and each row is a case (Adams et al., 2016, p. 170). In this study, the raw data was in separate files. The first step was to aggregate the data, which is defined and

compared to disaggregated data, "To aggregate data is to compile and summarize data; to disaggregate data is to break down aggregated data into component parts or smaller units of data" (The Glossary of Education Reform, 2019). In addition, after the data was aggregated, the separate files were merged into one. For this study one data file was prepared which would be used in the data analysis by merging different data files which included the target groups' purchase data from online and brick-and-mortar stores. The online and brick-and-mortar purchase data were summed up separately for toys category and all utility goods categories. This study states as key performance indicators (KPI) the means of purchases and the proportions of those who purchased in a target group.

Descriptive statistics provide the understanding of data and summarizes it (Adams et al., 2016, p. 171). An important analysis made with the data in this case study in SPSS was a frequency table.

Two-way analysis of variance, ANOVA, was used to compare mean purchases, using channels and target groups as fixed factors. The analysis uses a significance level of $p<0.05$.

In addition, background factors including different life stages were compared between the study's targeting groups, intelligent and broad targeting, in terms of their mean purchases and the proportions of those who purchased in a target group.

3.3.1 Case study setting

The empirical case study was narrowed down to one product category which was toys category. The study included two main targeting groups; intelligent and broad. These targeting groups were built from the case study company's customers for two channels; email, and Facebook and Instagram. Facebook and Instagram are as one channel as they are both owned by Facebook and marketing activities can be managed from one platform and optimized between the two channels. The case study's multi-channel combination included both channels, email and Facebook and Instagram. This combination included only the intelligent targeting group.

The intelligent target groups are built by the case company's target group builder tool which enables building a target group of people who show purchase intent towards a certain product category based on their purchase behavior and history. The broad target group included female and male 25-54 years old. This is a commonly used target group the case study company uses in marketing activities.

In order to study exposure effects of the message, all target groups had their own separate control groups. Each main target group had an own control group; these populations were extracted from the main target groups and people included in the control groups were not exposed to the message of the study. The control groups were excluded from seeing other marketing messages in email or Facebook and Instagram from the case study company during the study period.

The empirical case study setting is shown in Figure 10.
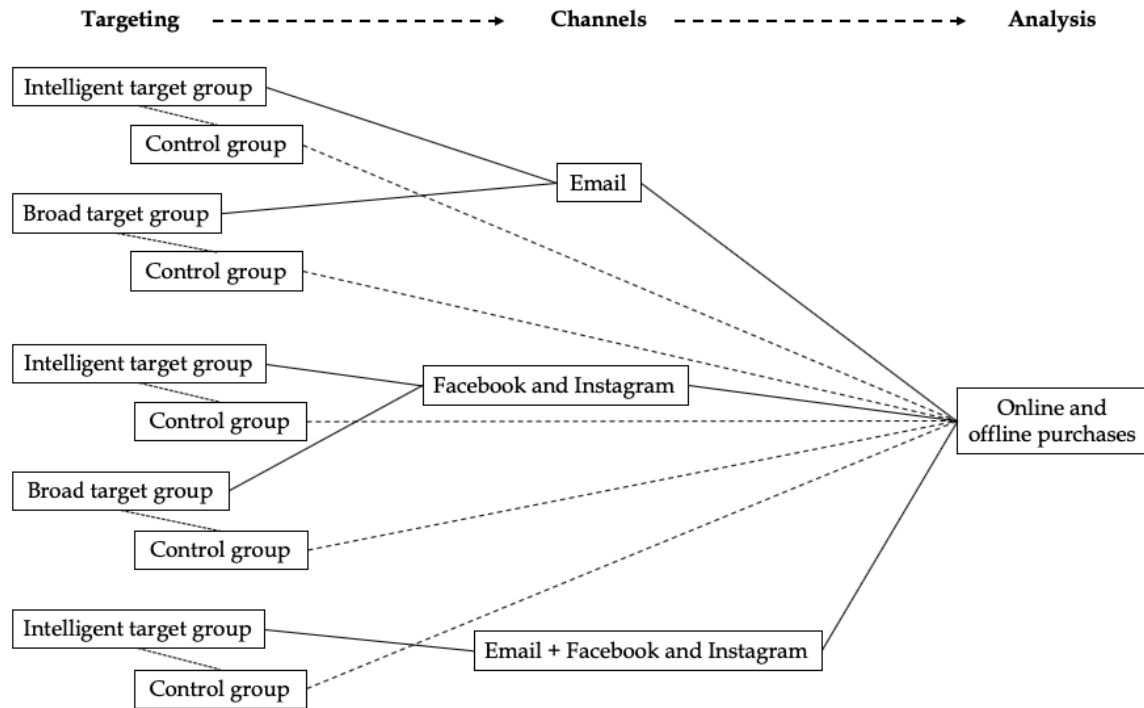
FIGURE 10 The empirical case study setting

3.4 Data analysis

The data analysis was conducted by SPSS Statistics Version 26 which is the latest version of the software license (IBM, 2019). The data were analyzed applying standard statistical procedures such as frequencies, means and analysis of variance.

The following chapters cover the results of the data analysis more in-depth.

4 RESULTS AND ANALYSIS

This section presents the results and analysis of the empirical case study. The main results cover each channels', targeting methods' and exposure groups' average purchases and the proportions of those who purchased in a target group. These results are then analysed in order to understand the effects different channels, targeting methods, and message exposure, have. Firstly, the added value and the potential that intelligent targeting generates is analysed, both in email and Facebook and Instagram. Secondly, the effect of message exposure is presented. Thirdly, the effects of the channels are analysed, which provides an understanding whether multi-channel or only one channel has proved to be most effective. These analyses are made first for the toys category, which was the product category the empirical case study was focused to. In order to understand the effects in a broader perspective, the same analyses are made in all utility goods categories.

In addition to the main analyses, secondary results are presented in order to provide supportive analysis for the empirical case study. These results include online advertising metrics, such as email open rates and click-through rates, which aim in providing supportive results to further understand the target groups' behavior towards the message received in each channel.

4.1 Channel and targeting results, toys category

Table 5 presents the combined results of purchases made in brick-and-mortar and online stores in toys category.

TABLE 5 Channel and targeting results

Channel	Targeting	Exposure	Avg. purchase	Proportion of purchased
Email	Intelligent	Exposed	30.08 €	12.34 %
		Control	26.39 €	0.01 %
		Total	30.08 €	11.65%
	Broad	Exposed	24.61 €	1.62 %
		Control	24.12 €	1.62 %
		Total	24.54 €	1.62 %
Facebook and Instagram	Intelligent	Exposed	28.38 €	10.51 %
		Control	27.23 €	10.4 %
		Total	28.19 €	10.49 %
	Broad	Exposed	23.78 €	0.93 %
		Control	23.75 €	0.95 %
		Total	23.78 €	0.93 %
Email + Facebook and Instagram	Intelligent	Exposed	29.78 €	11.55 %
		Control	28.51 €	11.33 %
		Total	29.57 €	11.51 %
Total		Exposed	27.99 €	4.47 %
		Control	26.73 €	4.1 %
		Total	27.81 €	4.41 %

Presented in Table 6, the two-way analysis of variance, ANOVA, conducted for the average purchases showed a significant main effect of channel (p<0.001). However, the main effect of target group (p=0.670) and interaction between channel and target group (p=0.959) were not significant.

TABLE 6 Two-way analysis of variance, ANOVA

	Significance value
Channel	0.000
Target group	0.670
Channel and target group	0.959

4.1.1 Added value of intelligent targeting, email

The added value intelligent targeting generated is analysed first by comparing the differences between intelligent and broad targeting's average purchases and the proportions of those who purchased in a target group. These results show the potential intelligent targeting generated. Secondly, both intelligent and broad targeting's exposed and control groups' average purchases and the proportions of those who purchased differences are compared. These results tell the potential exposure to the message has had within the two targeting methods.

Presented in Table 7, the results indicate that intelligent targeting has a larger potential than broad targeting. The difference between intelligent and broad targeting groups is 5.54 € (average purchase) and 10.03 % (proportion of those who purchased). The average purchase for intelligent targeting results in 22.58 % increase compared to broad targeting. The proportion of those who purchased for intelligent targeting results in 619.14 % increase compared to broad targeting.

TABLE 7 Results between intelligent and broad targeting

Targeting	Exposure	Avg. purchase	Avg. purchase difference	Proportion of purchased	Proportion of purchased difference (% point)
Intelligent	Total	30.08 €	5.54 €	11.65 %	10.03 %
Broad	Total	24.54 €		1.62 %	

Presented in Table 8, the results between intelligent and broad targeting's exposed and control groups' average purchases differences and the proportions of those who purchased in a target group differences indicate that intelligent targeting has a larger potential than broad targeting.

The average purchase difference between exposed and control groups in intelligent targeting is 3.69 € which results in 13.98 % increase for exposed compared to control. The difference for the proportion of those who purchased in a target group is not applicable.

The average purchase difference between exposed and control groups in broad targeting is 0.49 € and results in 2.03 % increase for exposed compared to control. The difference for the proportion of those who purchased in a target group is 0.00 % and results in 0.00 % increase.

TABLE 8 Targeting and exposure results between intelligent and broad targeting

Targeting	Exposure	Avg. purchase	Avg. purchase difference	Proportion of purchased	Proportion of purchased difference (% point)
Intelligent	Exposed	30.08 €	3.69 €	12.34 %	n/a
	Control	26.39 €		0.01 %	
Broad	Exposed	24.61 €	0.49 €	1.62 %	0.00 %
	Control	24.12 €		1.62 %	

n/a: not applicable, the population of the control group is inadequate due to the creation phase of the case study

4.1.2 Added value of intelligent targeting, Facebook and Instagram

The added value intelligent targeting generated is analysed first by comparing the differences between intelligent and broad targeting's average purchases and the proportions of those who purchased in a target group. These results show the potential intelligent targeting generated. Secondly, both intelligent and broad targeting's exposed and control groups' average purchases and the proportions

of those who purchased differences are compared. These results tell the potential exposure to the message has had within the two targeting methods.

Presented in Table 9, the results indicate that intelligent targeting has a larger potential than broad targeting. The difference between intelligent and broad targeting groups is 4.41 € (average purchase) and 9.56 % (proportion of those who purchased). The average purchase for intelligent targeting results in 18.54 % increase compared to broad targeting. The proportion of those who purchased for intelligent targeting results in 1027.96 % increase compared to broad targeting.

TABLE 9 Results between intelligent and broad targeting

Targeting	Exposure	Avg. purchase	Avg. purchase difference	Proportion of purchased	Proportion of purchased difference (% point)
Intelligent	Total	28.19 €	4.41 €	10.49 %	9.56 %
Broad	Total	23.78 €		0.93 %	

Presented in Table 10, the results between intelligent and broad targeting's exposed and control groups' average purchases and the proportions of those who purchased in a target group differences indicate that intelligent targeting has a larger potential than broad targeting. There is an exception in broad targeting's proportion of those who purchased in a target group difference in which the proportion of purchased is higher for the control group.

The average purchase difference between exposed and control groups in intelligent targeting is 1.15 € which results in 4.22 % increase for exposed compared to control. The difference for the proportion of those who purchased in a target group is 0.11 % and results in 1.06 % increase for exposed compared to control.

The average purchase difference between exposed and control groups in broad targeting is 0.03 € which results in 0.13 % increase for exposed compared to control. The difference for the proportion of those who purchased in a target group is negative, -0.02 %.

TABLE 10 Targeting and exposure results between intelligent and broad targeting

Targeting	Exposure	Avg. purchase	Avg. purchase difference	Proportion of purchased	Proportion of purchased difference (% point)
Intelligent	Exposed	28.38 €	1.15 €	10.51 %	0.11 %
	Control	27.23 €		10.4 %	
Broad	Exposed	23.78 €	0.03 €	0.93 %	-0.02 %
	Control	23.75 €		0.95 %	

4.1.3 Value of exposure to the message

The additional sales generated by one exposed customer, compared to not being exposed to the message, was 3.48 € per exposed customer.

4.1.4 Channel comparison

The effects of the channels are determined by the total additional sales generated per customer. First, the total results of exposure, average purchases and the proportions of those who purchased for exposed and control groups, per channel are summarized. Then, the total additional sales of exposure generated per customer are presented by comparing each channels' exposed and control groups average purchases and the proportions of those who purchased.

      Table 11 summarizes the total average purchases and the proportions of those who purchased in exposed and control groups in each channel.

TABLE 11 Results between channels

Channel	Exposure	Avg. purchase	Proportion of purchased
Email (total)	Exposed	27.00 €	2.61 %
	Control	24.13 €	1.57 %
Facebook and Instagram (total)	Exposed	28.00 €	5.67 %
	Control	26.94 €	5.69 %
Email + Facebook and Instagram (intelligent)	Exposed	29.78 €	11.55 %
	Control	28.51 €	11.33 %

Presented in Table 12, the highest additional sales generated by one exposed customer is in email. The second highest additional sales generated is in the multi-channel combination, email and, Facebook and Instagram. The third highest additional sales generated is in Facebook and Instagram. These results show only one channel is the most effective, followed by multi-channel.

TABLE 12 Additional sales generated per channel

Channel	Additional sales (per exposed customer)
Email	12.48 €
Facebook and Instagram	0.97 €
Email + Facebook and Instagram	1.81€

4.2 Channel and targeting results, all utility goods categories

Table 13 presents the combined results of purchases made in brick-and-mortar and online stores in all utility goods categories.

TABLE 13 Channel and targeting results

Channel	Targeting	Exposure	Avg. purchase (€)	Proportion of purchased
Email	Intelligent	Exposed	156.06 €	71.51 %
		Control	62.26 €	0.01 %
		Total	156.04 €	67.45 %
	Broad	Exposed	101.04 €	44.11 %
		Control	99.10 €	44.07 %
		Total	100.74 €	44.11 %
Facebook and Instagram	Intelligent	Exposed	148.46 €	67.74 %
		Control	146.74 €	67.92 %
		Total	148.17 €	67.77 %
	Broad	Exposed	94.94 €	27.53 %
		Control	95.51 €	27.35 %
		Total	95.04 €	27.50 %
Email + Facebook and Instagram	Intelligent	Exposed	155.42 €	70.78 %
		Control	151.08 €	70.31 %
		Total	154.69 €	70.7 %
Total		Exposed	122.96 €	48.62 %
		Control	119.60 €	46.84 %
		Total	122.46 €	48.34 %

Presented in Table 14, the two-way analysis of variance, ANOVA, conducted for the average purchases showed a significant main effect of channel ($p<0.001$), and a main effect of target group ($p=0.082$) and interaction between channel and target group ($p=0.092$).

TABLE 14 Two-way analysis of variance, ANOVA

	Significance value
Channel	0.000
Target group	0.082
Channel and target group	0.092

4.2.1 Added value of intelligent targeting, email

The added value intelligent targeting generated is analysed first by comparing the differences between intelligent and broad targeting's average purchases and the proportions of those who purchased in a target group. These results show the

potential intelligent targeting generated. Secondly, both intelligent and broad targeting's exposed and control groups' average purchases and the proportions of those who purchased differences are compared. These results tell the potential exposure to the message has had within the two targeting methods.

Presented in Table 15, the results indicate that intelligent targeting has a larger potential than broad targeting. The difference between intelligent and broad groups is 55.30 € (average purchase) and 23.34 % (proportion of those who purchased). The average purchase for intelligent targeting results in 54.89 % increase compared to broad targeting. The proportion of those who purchased for intelligent targeting results in 52.91 % increase compared to broad targeting.

TABLE 15 Results between intelligent and broad targeting

Targeting	Exposure	Avg. purchase	Avg. purchase difference	Proportion of purchased	Proportion of purchased difference (% point)
Intelligent	Total	156.04 €	55.30 €	67.45 %	23.34 %
Broad	Total	100.74 €		44.11 %	

Presented in Table 16, the results between intelligent and broad targeting's exposed and control groups' average purchases and the proportions of those who purchased in a target group differences indicate that intelligent targeting has a larger potential than broad targeting.

The average purchase difference between exposed and control in intelligent targeting is 93.80 € which results in 150.66 % increase for exposed compared to control. The difference for the proportion of those who purchased in a target group is not applicable.

The average purchase difference between exposed and control groups in broad targeting is 1.94 € which results in 1.96 % increase for exposed compared to control. The difference for the proportion of those who purchased in a target group is 0.04 % and results in 0.09 % increase for exposed compared to control.

TABLE 16 Targeting and exposure results between intelligent and broad targeting

Targeting	Exposure	Avg. purchase	Avg. purchase difference	Proportion of purchased	Proportion of purchased difference (% point)
Intelligent	Exposed	156.06 €	93.80 €	71.51 %	n/a
	Control	62.26 €		0.01 %	
Broad	Exposed	101.04 €	1.94 €	44.11 %	0.04 %
	Control	99.10 €		44.07 %	

n/a: not applicable, the population of the control group is inadequate due to the creation phase of the case study

4.2.2 Added value of intelligent targeting, Facebook and Instagram

The added value intelligent targeting generated is analysed first by comparing the differences between intelligent and broad targeting's average purchases and

the proportions of those who purchased in a target group. These results show the potential intelligent targeting generated. Secondly, both intelligent and broad targeting's exposed and control groups' average purchases and the proportions of those who purchased differences are compared. These results tell the potential exposure to the message has had within the two targeting methods.

Presented in Table 17, the results indicate that intelligent targeting has a larger potential than broad targeting. The difference between intelligent and broad targeting groups is 53.13 € (average purchase) and 40.27 % (proportion of those who purchased). The average purchase for intelligent targeting results in 55.9 % increase compared to broad targeting. The total amount purchased for intelligent targeting results in 146.44 % increase compared to broad targeting.

TABLE 17 Results between intelligent and broad targeting

Targeting	Exposure	Avg. purchase	Avg. purchase difference	Proportion of purchased	Proportion of purchased difference (% point)
Intelligent	Total	148.17 €	53.13 €	67.77 %	40.27 %
Broad	Total	95.04 €		27.5 %	

Presented in Table 18, the results between intelligent and broad targeting's exposed and control groups' average purchases and the proportions of those who purchased in a target group differences indicate that intelligent targeting mostly has a larger potential than broad targeting.

The average purchase difference between exposed and control groups in intelligent targeting is 1.72 € and results in 1.17 % increase for exposed compared to control. The difference for the proportion of those who purchased in a target group is -0.18 % which is a negative result.

The average purchase difference between exposed and control in broad targeting is -0.57 € which is a negative result. The difference for the proportion of those who purchased in a target group is 0.18 % and results in 0.66 % increase for exposed compared to control.

TABLE 18 Targeting and exposure results between intelligent and broad targeting

Targeting	Exposure	Avg. purchase	Avg. purchase difference	Proportion of purchased	Proportion of purchased difference (% point)
Intelligent	Exposed	148.46 €	1.72 €	67.74 %	-0.18 %
	Control	146.74 €		67.92 %	
Broad	Exposed	94.94 €	-0.57 €	27.53 %	0.18 %
	Control	95.51 €		27.35 %	

4.2.3 Value of exposure to the message

The additional sales generated by one exposed customer, compared to not being exposed to the message, was 7.74 € per exposed customer.

4.2.4 Channel comparison

The effects of the channels are determined by the total additional sales generated per customer. First, the total results of exposure, average purchases and the proportions of those who purchased for exposed and control groups, per channel are summarized. Then, the total additional sales of exposure generated per customer are presented by comparing each channels' exposed and control groups average purchases and the proportions of those who purchased.

Table 19 summarizes the total average purchases and the proportions of those who purchased in exposed and control groups in each channel.

TABLE 19 Results between channels

Channel	Exposure	Avg. purchase	Proportion of purchased
Email (total)	Exposed	108.85 €	46.63 %
	Control	99.10 €	42.64 %
Facebook and Instagram (total)	Exposed	133.05 €	47.68 %
	Control	132.08 €	47.69 %
Email + Facebook and Instagram (intelligent)	Exposed	155.42 €	70.78 %
	Control	151.08 €	70.31 %

Presented in Table 20, the highest total additional sales generated per customer is in email. The second highest additional sales is in the multi-channel combination, email and, Facebook and Instagram. The third highest additional sales, which is negative, is generated in Facebook and Instagram. These results show only one channel is the most effective, followed by multi-channel. Thus, H1 is only partly valid.

TABLE 20 Additional sales generated per channel

Channel	Additional sales
Email	18.23 €
Facebook and Instagram	-1.90 €
Email + Facebook and Instagram	5.32 €

4.3 Life stages

All of the results in this section are from toys category. These results show the potential intelligent targeting has. The results are examined by calculating how much higher the average purchases and the proportions of those who purchased are in intelligent targeting compared to broad targeting.

4.3.1 Life stage results, email

Presented in Table 21, all life stage groups' intelligent targeting has higher average purchases and proportions of those who purchased in a target group than broad targeting.

TABLE 21 Life stage results

Life stage	Intelligent		Broad	
	Avg. purchase	Proportion of purchased	Avg. purchase	Proportion of purchased
Young adults, single	24.23 €	8.95 %	21.68 €	1.11 %
Young adults, couple	29.03 €	10.21 %	23.50 €	1.51 %
Child household, below school age	29.80 €	13.13 %	24.87 €	4.22 %
Child household, primary school age	29.67 €	11.19 %	23.50 €	2.41 %
Child household, teen age	34.09 €	7.85 %	22.63 €	1.04 %
Adults, single	31.00 €	13.13 %	23.20 €	1.00 %
Adults, couple	32.07 €	11.52 %	26.47 €	1.34 %
Seniors, single	27.66 €	12.94 %	21.67 €	0.85 %
Seniors, couple	31.98 €	11.59 %	28.09 €	1.39 %

Presented in Table 22, the results indicate that intelligent targeting has a larger potential than broad targeting in all household groups.

TABLE 22 Life stage results, percentage differences

Life stage	Avg. purchase increase	Proportion of purchased increase
Young adults, single	11.76 %	706.31 %
Young adults, couple	23.53 %	576.16 %
Child household, below school age	19.82 %	211.14 %
Child household, primary school age	26.26 %	364.32 %
Child household, teen age	50.64 %	654.81 %
Adults, single	33.62 %	1213 %
Adults, couple	21.16 %	759.7 %
Seniors, single	27.64 %	1422.35 %
Seniors, couple	13.85 %	733.81 %

4.3.2 Life stage results, Facebook and Instagram

Presented in Table 23, all life stage groups average purchases are higher for intelligent targeting than broad targeting except for 'Seniors, single' life stage group, in which broad targeting generated a higher average purchase.

TABLE 23 Life stage results

Household	Intelligent		Broad	
	Avg. purchase	Proportion of purchased	Avg. purchase	Proportion of purchased
Young adults, single	29.09 €	6.45 %	20.54 €	0.55 %
Young adults, couple	26.80 €	8.08 %	21.44 €	0.77 %
Child household, below school age	28.11 €	11.72 %	23.35 €	2.77 %
Child household, primary school age	26.38 €	8.46 %	21.57 €	1.53 %
Child household, teen age	25.72 €	5.77 %	24.72 €	0.46 %
Adults, single	29.98 €	9.58 %	21.82 €	0.49 %
Adults, couple	32.95 €	9.69 %	27.18 €	0.70 %
Seniors, single	26.68 €	8.10 %	31.65 €	0.44 %
Seniors, couple	30.56 €	8.86 %	22.69 €	0.79 %

Presented in Table 24, the results indicate that 'Seniors, single' group should be more carefully examined and investigate the reasons for this anomaly. In addition, the life stage group 'Child household, teen age' higher average purchase differs from the trend of other life stage groups and thus, should be examined in order to know why the result differs from other groups.

TABLE 24 Life stage results, percentage differences

Household	Avg. purchase increase	Proportion of purchased increase
Young adults, single	41.63 %	1072.73%
Young adults, couple	25 %	949.35%
Child household, below school age	20.39 %	323.10%
Child household, primary school age	22.3 %	452.94%
Child household, teen age	4.05 %	1154.35%
Adults, single	37.4%	1855.10%
Adults, couple	21.23%	1284.29%
Seniors, single	n/a	1740.91%
Seniors, couple	34.68%	1021.52%

n/a: not applicable, in the group 'Seniors, single' the average purchase is higher for broad targeting

4.4 Secondary results

This section presents secondary results in order to provide supportive analysis for the empirical case study's main results.

4.4.1 Target group results, email

The data for the results of email is received from Salesforce's Marketing Cloud platform which provides the creation and management of marketing campaigns from companies to customers (TechTarget, SearchCustomerExperience, 2016).

Presented in Table 25, all metrics which show favourable intention towards the advertisement received, email open rate, emails received click rate, and email opened click rate, prove the intelligent target group to be more effective. These results support the findings from the main results, which showed the intelligent targeting has more potential than broad targeting.

TABLE 25 Secondary results, email

Target group	Email open rate	Clicks	Emails received click rate*	Email opened click rate**
Intelligent	38.0 %	1597	2.5 %	6.6 %
Broad	33.0 %	4332	1.3 %	3.8 %
Total	35.5 %	5929	1.9 %	5.2 %

*Click on any link in an email, **click on any link in an opened email

4.4.2 Target group results, Facebook and Instagram

The data for the results of Facebook and Instagram is received from Facebook Ads Manager which is Facebook's advertising platform which provides creation and management of advertising campaigns for Facebook's applications Facebook, Instagram, Messenger and Audience Network (Facebook for Business, 2019).

Presented in Table 26, the metric which shows favourable intention towards the advertisement received, CTR, follows the trend of the results in email. The CTR for the intelligent target group is higher than for the broad target group hence proves the intelligent targeting has more potential than broad targeting.

TABLE 26 Secondary results, Facebook and Instagram

Target group	CPM (cost per 1000 impressions)	Link clicks	CTR (link click-through rate)
Intelligent	6.93 €	605	0.25 %
Broad	7.62 €	389	0.21 %
Total	7.23 €	994	0.23 %

4.5 Summary of the findings

The hypotheses this research applied into the empirical case study were:

- *H1: Consumers exposed to the message in two channels are more profitable than consumers exposed to the message in only one channel.*
- *H2: Matching consumers' preferences more likely results in higher profitability.*
- *H3: Targeting based on consumers' preferences and behavior results in higher profitability than broad targeting.*

The first hypothesis was only partly valid. Out of the three channel combinations, the highest additional sales were generated in only email. The multi-channel combination was the second highest in generating additional sales, and the third highest was Facebook and Instagram.

The results involving the online targeting methods, intelligent and broad, proved the second and third hypothesis valid as the intelligent targeting method systematically showed a larger potential in terms of generating a higher average purchase and the proportion of purchased in a target group.

5 DISCUSSION

The final chapter of this study discusses the contributions of this study to theory and practice. This chapter also provides answers to the research questions set at the beginning, which set the basis for the managerial implications proposed. After this, the study is evaluated and its limitations discussed. Finally, future research on the topic is proposed.

5.1 Theoretical contributions

The objective of this research was to examine how online targeting influences consumers' purchase decisions online and offline. Understanding these effects was gained by analysing different target groups' purchase data in an empirical case study; comparing different target groups in different online channels, analysing only one channel versus multi-channel, and examining message exposure.

Previous research strongly justifies this topic and studying it. Based on this, the study applied the following research questions:

- *How online targeting influences consumers' purchase decisions online and offline?*
- *Does targeting based on consumers' preferences and behavior enhance purchase decision more than broad targeting?*
- *Does two channel exposure enhance purchase decision more than one channel?*

Based on the findings from Payne et al. (2017), who argue providing multi-channel experiences is essential for companies in order to make customers more valuable, and Kushwaha and Shankar (2013), who state multi-channel marketing increases customers' values for companies, the effect of exposing consumers to the marketing message in multiple channels in order to enhance purchase decision was partly confirmed (H1). The results from the empirical case study proved that only email exposure generated the highest additional sales which was followed by the multi-channel combination. Still, there are more reasons to support the effectiveness of multi-channel compared to only one channel and thus, the first hypothesis was applied.

The results of the empirical case study show matching consumers' preferences by online targeting methods, intelligent targeting, increased profitability of consumers as intelligent targeting was more profitable and showed a larger potential than broad targeting. There is controversy whether increased targeting generates better results in terms of the extent to which advertisers are using consumer data, as van Doorn and Hoekstra (2013) discuss the double-edged sword. However, at the same time, they strongly argue matching consumers' needs by personalized advertising increases purchase

intention. This justification led to the second hypothesis, which was validated in the empirical study.

The case study in this research presents unique results in order to understand the effects of online targeting. The findings in this study prove there is a substantial increase in sales when online targeting is based on users' preferences and behaviour. Previous research has highlighted the importance for companies to utilize online targeting methods as this is a main focus and investment area for the whole advertising industry (Ozcelik and Varnali, 2018). In addition, it has been argued companies should deliver more relevant advertising to consumers (Schumann et al., 2014; Kagan & Bekkerman, 2018) and modern online targeting methods provide the tools to break through the increased amount of marketing messages consumers face (Frick, 2018). In line with these prior findings, the results of the empirical case study confirmed that online targeting based on consumers' preferences and behaviour showed increased profitability and potential as intelligent targeting was more profitable than broad targeting and thus, validated the second and third hypothesis. Also, in line with Shanahan et al. (2019), consumers' increased loyalty and attachment towards brands by personalizing social media and email marketing which results in enhanced purchase decision, the results of this study confirm the positive effects of personalization in these channels. The results also prove prior findings by Li (2014), stressing that marketers should personalize advertising based on their customers' demographic information, personal preferences, purchase history and Internet search history, to be confirmed as both the second and third hypothesis were validated.

5.2 Managerial implications

The findings of this study provide four main implications to managers. These implications are especially relevant for retailing managers but can also be of value for other contexts and especially to managers who operate in the online and offline environment. First, the results of the empirical case study strongly suggest targeting based on consumers' preferences and behavior increase purchase intention and generate additional sales and thus, should be done systematically. It is indeed suggested that the use of intelligent targeting should be used collectively, and company staffs should be trained to use the tools related to online targeting. Secondly, exposing consumers to marketing messages should be continued as the findings of this study validate that exposure does have an increased sales effect. The use of control groups in marketing activities will help in verifying these results. Thirdly, managers should understand that carrying out similar studies which aim in improving marketing performance is essential for companies to learn which online targeting method brings the most effective results. Additionally, the results of these studies should be shared within organisations in order to provide thorough understanding of online targeting and its benefits to all employees.

5.3 Limitations of this study

There are several limitations in this research. The context of this research was limited to one product category and one industry. In addition, as Goldfarb and Tucker (2011) discuss there are numerous types of online advertising; display advertising, search advertising, social media advertising, classified advertising, lead generation, sponsorship, and email advertising. This research's empirical case study includes only two online advertising channels.

The target group populations in the results section were disclosed due to confidentiality reasons. Also, the target group populations size differences vary which affects the results. In addition, the period when the data were gathered offer its limitation as well as the data gathered from one geographical location.

This study aims in providing understanding of the effects between only one channel and multi-channel. However, this case study's multi-channel combination includes only two channels. According to Kushwaha and Shankar (2013) multi-channel marketing aims in communicating content in an integrated way through two or more channels. This study's multi-channel matches this definition but in order for analysing the real impact of reaching customers through multiple channels, a study should involve a more thorough set of channels. In addition, the results of the two channels combined in this study included only the intelligent target group due to the case company's target group builder tool and its limitations.

When determining the effects between channels, the channel combinations with only one channel total figures of exposed and control groups where calculated from both channels' intelligent and broad targeting's exposed and control groups. As the multi-channel combination, email and, Facebook and Instagram, had only the intelligent targeting group in the empirical case study, this should be taken into consideration when looking at the results of channel effects. Also, the study findings might be affected by the fact that people included in the intelligent target groups are more engaged as they have showed more interest, for example subscribed to newsletters or purchased products before, towards the case study company earlier.

5.4 Future research suggestions

The importance of acquiring knowledge from online targeting and its effects on consumers' actions has been proven. This research examined the subject from multiple perspectives but has its limitations. Thus, there is apparent room for future research in the same context.

As the case study included only one company from the retail industry, a similar research should be conducted with other retail companies. Also, the results from the empirical case study of this research should be tested within the industry. Furthermore, the location of this case study limits the results to only one geographical context and thus, a case study of the same kind should be done

elsewhere in order to understand cultural differences in online targeting and its effects on purchase behavior. Further testing of the results from this research in different contexts and utilizing that information will contribute to academia and the advertising industry.

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APPENDIX 1

An illustrative drawing of the Facebook and Instagram advertisement used in the case study.
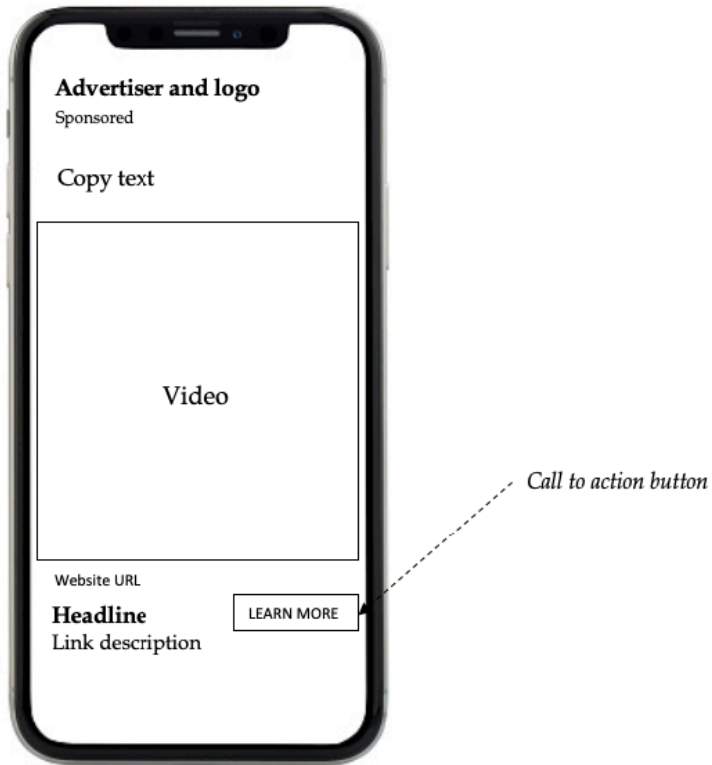
APPENDIX 2

An illustrative drawing of the email message used in the case study.