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CHALLENGES OF TARGETED ADS IN SOCIAL MEDIA

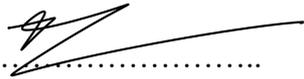
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I hereby declare that I have compiled the Thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading. The document length is 8745 words from the introduction to the end of conclusion.

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ABSTRACT

This thesis reveals the problem that social media platforms gather data from customers to target advertising, which breaks their privacy. The Author applies a quantitative approach to the research with an online survey format. The data is collected with a non-probability sampling method by sharing a survey on social media platforms. The answers of the survey are presented and supported by theoretical background.

It was found that consumers are really concerned that social media platforms gather data from them, and companies are not transparent enough about their data privacy policies. Also, the thesis revealed how social media platforms gather the data and use it to target advertising and how effective it can be. In conclusion, social media companies should be more transparent about their data privacy policies, and the consumer should have access to their personal data easily.

Keywords: Digital marketing, Targeted advertising, Social media, Data gathering

INTRODUCTION

People are spending more and more time on social media, and media consumption has significantly risen since the beginning of the 2000 century. Now almost 60 % of the world's populations have access to the internet, which makes web platforms, mainly social media channels, cost-efficient and powerful marketing tools. (internet world stats, 2020) Almost every person on this planet has a digital footprint, like a carbon footprint but in the digital world based on what people do and how people behave on the internet. Every interaction will leave a mark on the server. The more time human being spend on the internet, the more data companies will have from us. Some experts even say that individual data from a consumer could be the world most valuable asset, more valuable than oil. (Kiran Bhageshpur, 2019) Technologies and platforms are developing so rapidly that consumers do not know how their data is stored and used. In all cases, the consumer should have access to data that is collected from them. This is part of humans fundamental right to individual control and privacy. (Fabbrini, 2014)

The research problem is that in the 20-century companies gather individual information from consumers to target advertising, which breaks their privacy. The Author will provide ideas on how to develop this challenge. There are a relatively restrained amount of studies and information available to the public, which handles targeted ads from the consumers perspective. The thesis aims to explore how companies and their platforms gather the data and eventually break consumer privacy. What ethical problems lie below these methods, and how people are feeling about their privacy on the internet. This study will bring valuable information from this topic to the public.

The Author aim to solve the research problem by conducting a survey for a broad sample of consumers. The surveys' primary purpose is to gain an answer to how consumer feel about personalised advertising and personal data gathering on social media. The survey will also give valuable data from consumer behaviour and preferences in social media.

The authors knowledge and interest towards this topic and digital marketing is based on his career in digital marketing entrepreneurship and work experience in one of the largest premium car retail

company in the Nordics, Oy Sports Car Center Ab. Authors areas of expertise are focussed on Paid Facebook ads, SEO and marketing material productions, which includes campaign planning, video productions and visual storytelling. Extensive networks of human relations, both from the personal and business world, also has a significant role in forming these three main research questions for this thesis.

- How companies and platforms gather the data from users, and how they use the data, and why?
- What are the benefits for businesses and consumers from paid targeted ads, what are the downsides?
- Is there an ethical problem related to targeted ads in social media?

This research has a structure of three main parts. The first part of the thesis dives deep into the exciting world of paid social media marketing principles. The process of how companies gather the data and enrich their existing databases have been gone through. The second part of this thesis contains information about how the presented quantitative research is structured and what pragmatic reasons are taken into account. The third and final main chapter presents the results of the study and analyses the intriguing findings.

The primary data of the research is provided by applying quantitative research methods to the survey. The research includes a case questions from everyday social media phenomenal, which are complement by basic demographical questions.

The Author of this thesis would like to thank all people who have involved in the research survey. Also, supervisor of this thesis will deserve huge thanks for his guidance and professional sight for the research.

1. THEORETICAL BACKGROUND

In this chapter, the Author will reveal concepts of the functionality of most popular social media platforms, paid social media marketing tools and methods, data gathering and enriching methods. All these theoretical concepts form a strong background for the authors' study and help the reader to understand the big picture of the study.

1.1 Social media channels

Today social media plays a very big role in terms of communication. The world-first social media platform "Six-Degrees.com" was released the year 1997 and started the exponential growth of social media platforms. (Boyd and Ellison, 2008). The social media web 2.0 internet application where consumers can interact with each other. Next Author will introduce the most well known social media channels in Europe. (Statista, 2020)

1.1.1. Facebook

Facebook origins placed to 2004 Harvard college dorms where Mark Zuckerberg and his roommates launched chatting platform to Harvard students. Quickly word of the Facebook spread, and other colleges students begin their memberships. at the year of this study, Facebook is the biggest social media platform on the internet. (Statista 2020) Furthermore, some people find it out to be the main symbol for web 2.0. (Batagelj, 2018) Facebook communication platform Facebook messenger is also the world second largest social media platform. (Statista 2020)

Facebook is a very versatile social media platform. It gives the opportunity to anyone to build a community or meet people around the world. Facebook does not have any borders. (Facebook, 2020)

Current data shows that almost three billion people are using Facebook daily (Statista, 2020), and 180 million businesses have made business profile on Facebook. (Facebook, 2020)

Every user and business have a different kind of approach towards the applications, and because of that, the users intentions vary. The basic idea behind the Facebook is that every user is asked to make a profile of themselves which houses all the data and interaction which user will do on the platform. Profile should include at least consumers name and email address, but this information will enrich by the time. This is a compulsory task before the user could start interacting with the platform.

In Facebook user can interact with other users by posting a post, creating pages or community groups, playing Facebook games or chatting in Facebook direct messenger. From the marketing point of view, Facebook is a very versatile platform because of the large user scale and versatile marketing tools and places.

1.1.2. Instagram

Instagram is representing today generation of the social media. Today's technologies and fast data networks have allowed companies to invent more visually performing social media platforms. Instagram is an excellent example of that in 21st century. Photo sharing service Instagram was founded in 2010 by Kevin Systrom and Mike Krieger. First development version of Instagram was called Burbn, but later development team launched the service as Instagram. (Lagorio, 2011) The name, the app icon and the logo came from a portmanteau of "instant camera" and "telegram".(Sengupta, 2012) The app is mainly built for photo and story sharing purposes where users can tell stories with a visual aspect. (Ting et al., 2015) Year 2012 Facebook and Instagram merged in by result of huge company trade. Facebook bought Instagram with a whopping one billion dollar market price. (Oreskovic, 2012)

Members also use Instagram to search for information from other people and companies. Users also use the platform to document their life and express their emotions to the public. (Sheldon and Bryant, 2016)

This generates vast opportunities for business-minded users, like Company accounts and influencers. Currently, Instagram has a 1128 million active users, which makes Instagram the fifth most popular social media platform in the world. (Statista, 2020)

Influencer plays a big role in Instagram marketing scene because the majority of people learn to rely on other words of mouth and makes their statement as a legitimate source of information.

(Bearden et al., 1989; Deutsch and Gerard, 1955) Also, the fact that the majority of consumers prefer not to receive marketing or sells straight from the brands or sale person makes influencer very valuable resource for companies. (Sudha & Sheena, 2017). The influencer marketing business is estimated to be over 10 billion dollars, according to Michael Haenleins study. (Haenlein, 2020) As of November 2020, biggest profile of Instagram is Cristian Ronaldo with over 242 million followers, and Instagram most-liked photo is from profile called "world record egg" with over 55 million likes on the image. (Victor, 2020)

Instagram is a very versatile marketing tool because marketeers can utilise one marketing program, Facebook Ads account to promote their business. With Facebook Ads account, it is possible to target ads for both Instagram and Facebook feeds.

1.1.3. Youtube

Youtube is the world most well-known video-sharing platform, which was founded in San Bruno, California, in 2005 by Steve Chen, Jawed Karim and Chad Hurley, who were former Paypal employees. Year after the launch of the youtube google bought it for a whopping 1.65 billion us dollars. (La Monica, 2006)

Youtube is a free video-sharing platform where user can share their videos and build their community by following others. This action is called "subscribing" in the service. in the year 2020, youtube has a huge two billion active users worldwide, and users upload 500 hours of video every minute. (Alexa Internet, 2020) The large user count and implication with google network Youtube offers huge opportunity for independent content creators. Users could make videos and rise their community while earning money from Google AdSense AD network program. Currently, at the year 2020, Youtube has an impressive 2 billion active users, which makes it the second most popular social media channel in the world. (Statista, 2020)

In the year 2018, Youtube re-branded its services and launched a subscription service, youtube premium, to compete with other paid streaming services like Netflix, Viaplay and Hulu.

1.1.4. LinkedIn

LinkedIn is an American based "social media channel" for professionals, employers and employees networking. Founded by Reid Hoffman in year 2002 and launched at 2003, the team have been driven it for more and more professional aspect in mind. (LinkedIn, 2020) Today LinkedIn has 706 million members in the community, and it allows users to seek jobs, post their cv and build their community from the industry. According to author recruiters and business can promote their job positions and advertise their services. The main revenue for LinkedIn comes for professional subscription plans which are sold for recruiters and other persons who need more data and function from the service.

In the year 2016, Microsoft announced that they would be interested in acquiring LinkedIn for 26.2 Billion dollar market price. The acquisition came true, and the deal was remarkable in Microsoft history. Microsoft promised that the LinkedIn brand, culture and independence would remain the same. (Greene, 2016)

B2B (*business to business*) marketing and business possibilities are enormous in LinkedIn due to the detailed profile information needed before entering to world of LinkedIn. Every member is required to fill information regarding their academic background and job history and what are they doing currently. This data help business-minded marketers and salesperson to find their correct audiences. Result of this over 90% B2B marketers use LinkedIn to accelerate their businesses. (Rynne, 2017)

1.1.5. TikTok

TikTok could be described as Instagram for videos. The basic idea behind the TikTok is that user could publish short videos containing popular music tracks. Videos must be within three and 60 seconds time frame. (Anderson, 2020) TikTok was founded in chine by company called Bytedance in China in the year 2016. In early stages, TikTok was called Doyin (抖音) and later at the year 2017 it was launched at TikTok to the international markets. (Hallanan, 2020) Author also suggests that the popularity of TikTok exploded after it merged with software called musically; this step made global markets possible because of the bigger server capacity.

Since TikTok launched its service to the world, the app itself has been downloaded now for over two billions times in the international markets. (Garman, 2020) Surpassing Facebook, youtube and Instagram from most downloaded app in the app store in the years 2018 and 2019. (Perez, 2018)

1.1.6. Twitter

Twitter is one of the most well known social networking service in the world. Founded in united states America in 2006 by a team of four tech entrepreneurs Jack Dorsey, Noah Glass, Biz Stone, and Evan Williams, Twitter has gained huge popularity as a microblogging platform. In Twitter, people could post short SMS styled messages called "a tweets "and where other people from the community could react with their own "tweets." (Miller, 2020) In the early stages, when there were no current smartphones, people could participate in the conversation by sending text messages to Twitter servers. CO founder of Twitter Dorsey described the meaning of "Twitter" as follows "*we came across the word 'Twitter', and it was just perfect. The definition was 'a short burst of inconsequential information,' and 'chirps from birds'. And that is exactly what the product was.*" (Sano, 2009)

Currently, Twitter has a respectable 353 million more active user according to statistics website *Statista*. With this user base, Twitter belongs to the world biggest social media platform list. (Statista, 2020)

Commonly Twitter users share their thought for a big audience. As today Twitter has been playing a massive role in terms on politics.

When taking a closer look at online media's impact in the 2016 US official political decision, it has been more grounded than it has ever been previously and has prompted lost 'predominance' of conventional media on general sentiment. Applicants tweeted to communicate their situations, to assault one another, to retweet supports, to urge individuals to cast a ballot, to give news sneak peeks, and significantly more.

1.2 Paid social media marketing tools and methods

In this chapter, the Author will reveal the models and tools used in digital marketing. This chapter also demonstrates how personalised ads work and how the data is gathered.

1.2.1 Facebook Ads manager

The Facebook ads manager is the most used advertising software in the social media environment. According to Facebook data, marketers can reach a whopping 2.1 billion users, with an average of 2% growth yearly. (Hootsuite, 2021) Ads managers started to operate in the year 2007 with the use of 100,000 active Facebook business pages. (Facebook 2007) the Year 2007 can also be described the year when digital marketing took huge step forward in history. The Author himself uses Ads manager on a daily basis and has over two years of experience of using it.

Facebook ads manager allows marketeers to create campaign and targeted ad groups which can be customised for specific needs. The Author gave a very good example of how companies could utilise the targeting tools in ads managers.

"Imagine that you are running a start-up tech company which produces phone cases for consumers. Your business is operating ie-commerced of e-commerce. So, naturally, your main marketing channels will be in digital platforms like social media platform called Facebook, which includes, Facebook, Instagram and Facebook audience network ads places. Because of the Facebook platform's broad scale, you decide to utilise the Facebook ads managers tool. Before beginning, you decide to go through the Facebook blueprint education program, which teaches various skills on how to operate the software and functions that can be adapted to your business needs. Soon you realise that in Facebook ads manager, you could select your target group from people who have bought a new phone recently and make a lookalike audience from that info. This targeting attribute will reach the very right targeted group who would most likely buy your product. Also, your conversion price will be significantly lower than in traditional marketing methods like print media. If the ads structure and website where your online shop operates is rightly done, you will be able to retarget specific kind of ads to people who have been exited from the website, have closed the shopping cart or bought the product. Retargeted ads plays a crucial part of the company's after-sales process."

From this example, the reader can clearly see the power and potential of the Facebook ads manager. The functionalities do not just stop to mobile phone accessory industry because Facebook has already stored thousands of actions and preferences from their users. By utilising that data, marketers can make well-performing ads regardless of their operating industry.

1.2.2 Sales Funnel model



Figure 1. Sales funnel model.
Source: sergio perezparras (2013)

The marketing funnel model plays a significant role in digital and also in traditional marketing methods. Sergio Perezparras visualise the model above. The Author choose it because it represents clearly the term of marketing funnel, especially in the digital environment. The marketing funnels' idea is to visualise steps of what consumers will do when they enter the "funnel". On the left side of "figure one" is shown steps that the consumer will take during the Funnel process. The Author also point out that the steps varies depending on the industry where the company operates. Marketing funnel can

In digital marketing, the customer, in most cases, enter the Marketing Funnel when they click on the paid ad or organic article on the internet. In this case, the Author describes paid ads as all the

marketing acts in the digital world that need money to be seen, such as SEM "search engine marketing" or sponsored post on Facebook. At the same time, organic articles mean posts or links that spread and publicity can be obtained with cost-free methods, such as SEO "search engine optimisation" or posting good engaging material to social media.

The funnel model's goal is to identify which consumer is a possible prospect from their acts in the companies channels. Prospect is a consumer who most likely will do a purchase event. (Robert M. Morgan, 2014) Consumers journey is completed when they generate wanted event at the end, such as lead or purchase. Suppose that consumer or possible prospect somehow leaves the funnel, like disabling tracking cookies or emptying web stores "shopping basket" (also know as Abonded cart). In that case, the whole process starts again with the help of retargeted ads. This whole process can be build and automated, for example, in the Facebook Ads manager. The Author describes that the funnel model helps marketers build the marketing process and realise what functions are needed when planning the marketing in a broad picture.

1.3 Data gathering and enriching methods

All events are stored locally on users device or externally on service providers servers in the digital infrastructure. The links consumer clicks in google or products on the website are stored and used to update consumers identity on the web. Almost all the recorded data is stored and linked, for example, to consumers Facebook or google profile. Recorded data is analysed with highly sophisticated software and used to enhance user experience and target more individualised ads for the consumer. Supposedly, consumers already have logged in to their Facebook profile on their smart device, which is very most likely in 2021. In 2020, there were 3.6 billion smartphone users globally, where 2.8 billion of them use Facebook on their mobile phone. (Statista, 2021) By this means, the consumer has already a broad digital identity where are his behaviours and liking are stored. The Author points out that it is clear that for majority facebook users, the event they make in the facebook app is stored in the Facebook database. The event recording won't stop to the app itself because most businesses have an implemented Facebook pixel on their website. Facebook pixel allows Facebook to records events our from the facebook app. The term facebook pixel means strip of code which is installed to website code. (Facebook, 2021) The Author clarifies this with an explanation that points out that every click in the website where Facebook pixel is embed

is sent and stored to the consumers' Facebook profile. This same process also used by google with their google profile by using Google analytic tag. Recorded data are also stored and used for better and more accurate search engine marketing - SEM and in-app advertising in Google ads network and youtube videos.

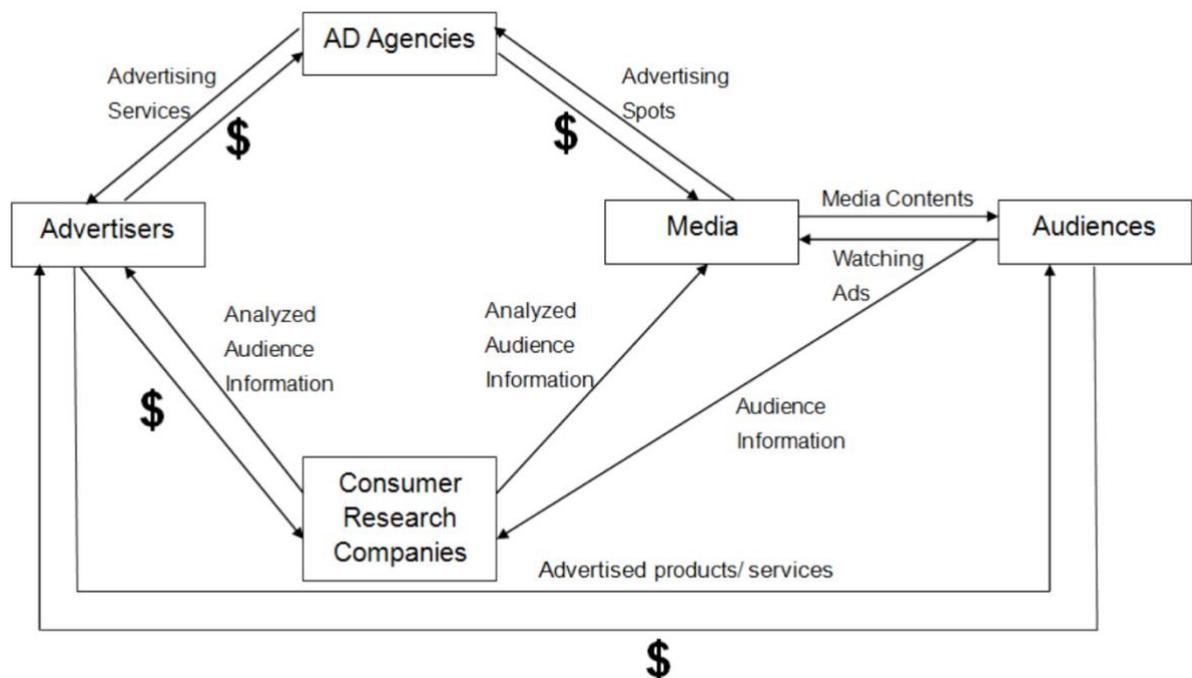


Figure 2. Social media companies business model
Source: Matthew P. McAllister (2011)

Why companies record and stores consumers internet behaviour? The Author states that the answer is quite simple. Matthew P. McAllister, 2011 graph illustrates the business model of companies such as google. From the consumer point of view, services, such a Google or Facebook, are in theory, free. In theory, every user must give something to the service provider; in the case of Facebook and google it is not money, but it is data. Like free-market economist Milton Friedman expressed a phrase in his 1975 book, *"There ain't no such thing as a free lunch"*. As the graph illustrates, marketers and agencies pay for Facebook and Google for their marketing services and data. This in a nutshell, is a business model for companies such a google and Facebook work. Companies and marketing agencies pay for marketing spots that can be individualised based on user likings and behaviours. At the same time, consumers can enjoy Facebook and google "free" services like the world most advanced search engine or the world most prominent social media platform and communication tool.

1.4. Ethical problem

In the world of business, companies face ethical issues daily. The most common one is that "doing right" reduced the profit, the main goal of most companies. (Subbaroa, 2018) Nevertheless, today it is not so clear anymore. In the past years, companies only saw that doing right ethically was only social rewarding, not profitably. That caused large companies to utilise acts such as child labour. According to Thomas Donaldson research in 2003, he summarised 52 research studies that handled companies' ethical behaviour linked to profitability. The research pointed out that the concept of ethical decisions affecting companies profitability is true. From the 52 studies, 33 were favourable to the mentioned concept. (Subbaroa, 2018) Today when done right, ethically could mean more profit because of gained public imago. The utilitarian model of ethics is used widely in modern companies. To be said, consumer value is more important than ever.

In the world of digital marketing, the fundamental ethical problem is the same. Companies such as Facebook face daily problem that how much they can utilise users' private data to maximise their ads' performance. According to the Author, a clear sign that companies have faced the mentioned ethical problem is continually updating privacy policies which are becoming more and more transparent to gain consumers trust. The phenomenal that the consumer spent an increasing amount of time on social media and moved to manage their daily task to the internet has raised concerns about their data privacy. Year 2021 the global pandemic has increased data awareness more than before because daily task have been forced to conduct in digital interfaces. The pandemic has forced to people make the next giant digital leap. (Colinelli, 2020)

When the whole social media ecosystem were quite new, users did not know how their data will be used in the future. Consumers gave their email without any concerns to the companies, and websites did not ask if they collected cookies from the active users. With rising data privacy awareness and new data privacy laws, such as EU The General Data Protection Regulation (GDPR) law, the stored data and its usage became more transparent for end-users. In a nutshell, GDPR law ensures that consumers will have full access to their data. (Troung, 2019) Broad publicity of GDPR law also raises more ethical awareness among people because most of the targeted add consumer sees will form questions such a "how the company knows my preferences, location or past purchases."

Presently, consumers want more and more control over their privacy on social media and what advertising they are presented. The more control they have more secure they feel. (Trepte, 2020) However, according to the Author, the presented case is not so straight forward. Most of the consumers have forgotten the fact that the ads are not disappearing anywhere. Current privacy updates and restrictions are indeed significant, and transparency is the trend of 2020. This has also caused side effects to the markets. For example, companies tracking scripts to behave un efficiently, and the quality of ads will decrease. Nevertheless, the side effect of this change could be annoying, not relevant ads.

1.4.1 IOS 14.5 next giant leap for consumers' privacy

At the beginning of 2021, Apple presented a new breakthrough software update for an already advance ios 14 operating system. *IOS is a mobile operating system created by Apple.* The newly updated software version will be called ios 14.5. The main features of the ios 14.5 are dedicated to consumer privacy. In the upcoming operating system, the consumer could decide if pages or apps will have permission to track their event. The feature that consumer could select which data and event is not new in the industry, but the revolutionary part is that the function is hardcoded (build-in) to the operating system (OS). (Facebook, 2021) According to the Author, marketing moves from apple because the company gains lots of free media time from newspaper and media platforms. Also, consumers feel like Apple will take care of their customers and respect their privacy. In the case of Apple, doing ethically right will probably affect profits positively. All things considered, this was a very well tough move from Apple because they have basically nothing to lose from their perspective. However, companies such as Facebook and Google did not like this announcement because this would heavily affect their ads performance and profitability. After all, ads targeting would be comprised. Following the apple announcement, Facebook announced that they would raise a lawsuit regarding this because apple new software update would harm their business, especially ads revenues.(Healt, 2021)

However, Author points out that this topic importance should not be understated. Because technologies and platforms are developing so fast, consumers have a problem gaining control over their data. Europe have already released General Data Protection Regulation (GDPR) which helps consumers to gain access to data that companies are collected by introducing significant fines for companies if not followed as instructed (Oojien & Vrabec, 2019)

2. RESEARCH METHOD

In this chapter, the Author will reveal how the methodological part of this study was conducted. This chapters also answeres to the questions, how the research was planned, which research method was used and how result data were collected and analysed.

2.1. Planning the research

This study aims to investigate how people feel towards targeted. With the results and finding, the authors could answer to presented research questions. The priority of this study is to find out how people feel about the targeted ads. The quantitative methodology was used to get the best impartial result from a significant random sample size. It was necessary to get a large amount of result to get a rich, broad picture of customers feelings and internet behaviours. Author decided to utilise an Online service called Google Form, because of its modern, user-friendly interface and data analysing function. Guaranteed functionality for cross-platform operation was also an important qualifying reason why the Author decided to use Google Form to conduct this study. The questioners for the questionnaire were developed with research questions in mind. After developing the questionnaires, the Author designed a user-friendly layout for the survey to get the best possible results from the customer. Pilot testing was conducted to survey by the Author and his thesis supervisor. Pilot testing included that questionnaire types were right for each question and questions were easy and understandable to read. For the last, after the pilot testing was finished, it was ready to send to the internet through social media channels.

The survey consists of 19 questions. Five of those were demographic-based question to get data from the customer. Four case questions were included in to survey to get the best possible result for the customers feeling factor towards the targeted ads. The rest of the ten questions were completing questions for case questions. The research author utilised single, multiple and open responses, interval-scale question, rating-scale question, and Likert-scale question. Study

questionnaires are executed so that the Author would get a broad picture for these categories: Consumers behaviour, Consumers feeling, Consumers knowledge, Consumers preferences and consumers demographical factors. The order how questions were placed was designed so that the first questions were easy to answer and harder open-ended question were last. This way, respondent did not get frustrated, and more likely, they focus more on longer question, which was important.

The first five questions were composed so that the Author would get a broad picture of respondents social media behaviour. These include the first and most important questions which channels respondent use. This info is crucial for the analysis part because marketing methods varies between the social media channels.

Survey were spread on social media platforms, LinkedIn, Facebook and Instagram. The Author executed this survey with a non-probability sampling method. The method was used because it is inexpensive, and people who took part in it was automatically in the target group, social media users. The non-probability sampling method was also the fastest and most time-efficient way to collect the data. By using it and google forms, the Author could execute the survey with ease and also process the data with high accuracy. In total, 160 respondents finished the survey. Quota sampling was implemented in the survey. This way, the Author got the right target group, 15 or younger to 60 or older social media users.

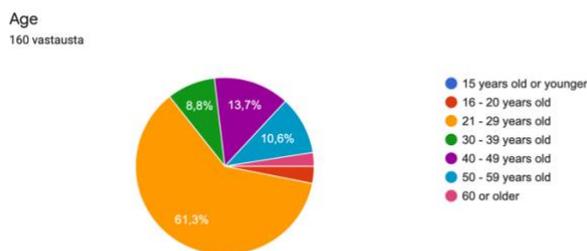


Figure 3. Age
Source: Composed by the Author

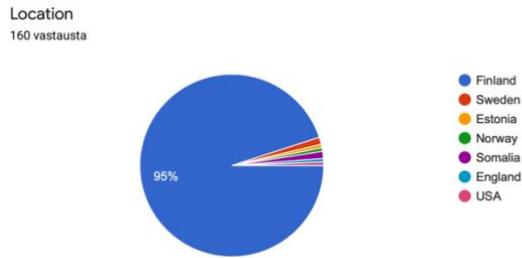


Figure 4. Location
Source: Composed by the Author

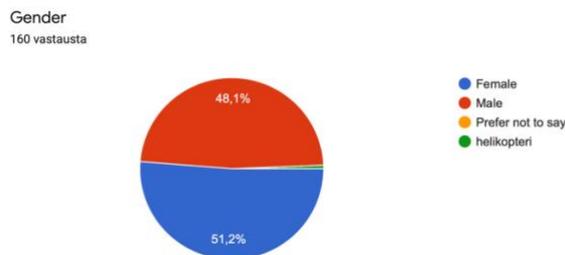


Figure 5. Gender
Source: Composed by the Author

Figure 3 and 5 displays how the age and gender options were spread among the respondents. On the figure 5 gender diagram is seen that respondents genders were almost equally divided in half. 48.1% males, 51.2% females and 0,7% other. 77 male, 82 Female and other respondents in total. The figure 3 age diagram reveals that the largest age group was clearly 21-29 years old, with 61,3% recipients from the total 160. 13,6% of recipients were 40-49 years old, 10,6% were 50-59 years old, 8,8% were 30-39 years old, and the rest of the respondents were under 20 years or over 60 years old. English was used as a questionnaire language because it was expected that there would be respondents around the globe.

2.2. Reliability and validity of quantitative research

The Author collected survey data from social media channels. The Author used the platforms before-mentioned LinkedIn, Facebook, Snapchat, Whatsapp, Instagram and emailed to spread the survey. The idea of using a wide pallet of social media platforms ensured that the Author met all necessary age groups. Survey and technical implementation were conducted with google forms application. The Author arranged the data collection between dates 1.11.2020 and 18.11.2020. All

in total, 160 respondents filled the survey. According to the Author, the survey was successful because it was only shared in organic methods, not with the help of paid social advertising.

The Author processed data with the help of Microsoft excel. Graphics and visuals were finished with Adobe photoshop. In this way, the Author was able to conduct several graphs in the same image file. The goal of the graphics was to simplify the data presentation and enable the reader to understand the analysis. The master data was also divided into data groups by age. After dividing the data, Author checked the data if there are any improper ties or errors. This was necessary for the result comparison of this study.

3. RESEARCH OUTCOMES

In this part, the Author will reveal the result of the questionnaire. In the second part of this chapter, the Author will analyse and discuss the findings. With the help of google forms and Microsoft, excel the author clarifies the results.

3.1 Research results and analysis

In the research, consumer feelings towards targeted ads were measured and researched. The following questions were conducted so that reader of this research will get a broad picture of consumer feeling and attitudes towards digital advertising. The first chapter of the survey consisted of question where the Author researched consumers basics act and behaviour on social media. The second chapter consists of case questions where the author answers how consumers feel towards targeted ads.

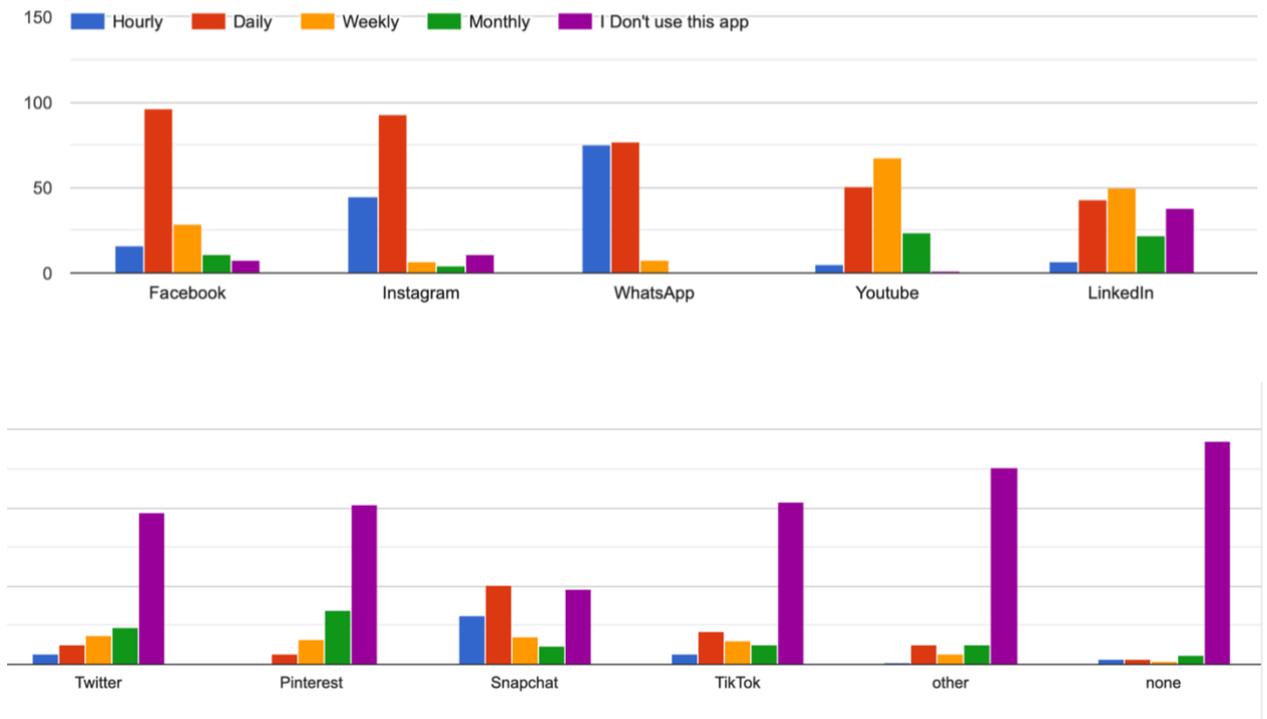


Figure 6. Used social media platforms.
Source: Composed by the Author

In the first question of the survey, responders were asked what social media platforms they use and how often. This matrix question aimed to get data on which platforms and how often consumers used them. Among the 160 respondents, all used the social media channel WhatsApp and most of

them used it daily. Result also shows that respondent who are using Facebook and Instagram uses them daily. When the Whatsapp is used hourly among respondents who selected it. The least used platforms among respondents were clearly TikTok, Pinterest and Twitter.

In the question, respondents were also able to tell which other platforms they used that aren't mentioned in the matrix. The most common "other" channels were forum sites Jodel and Reddit.

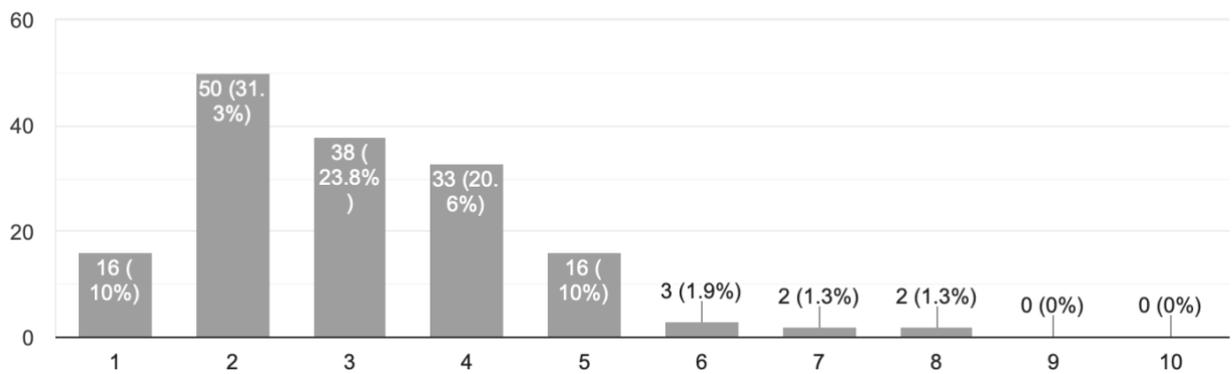


Figure 7. Social media usage
Source: Composed by the Author

In this second question, the Author asked how many hours the respondent uses social media daily. 31% of the respondents uses at least two hours of social media daily. The second third uses three hours. According to the Author, this is quite strange because worldwide social media consumption average is 6 hours 43 minutes. (Kemp, 2020) This clearly indicated that people are not willing to internalise the fact that they use social media by a lot. In this survey, only 1.3% replied that they use social media 6h per day.

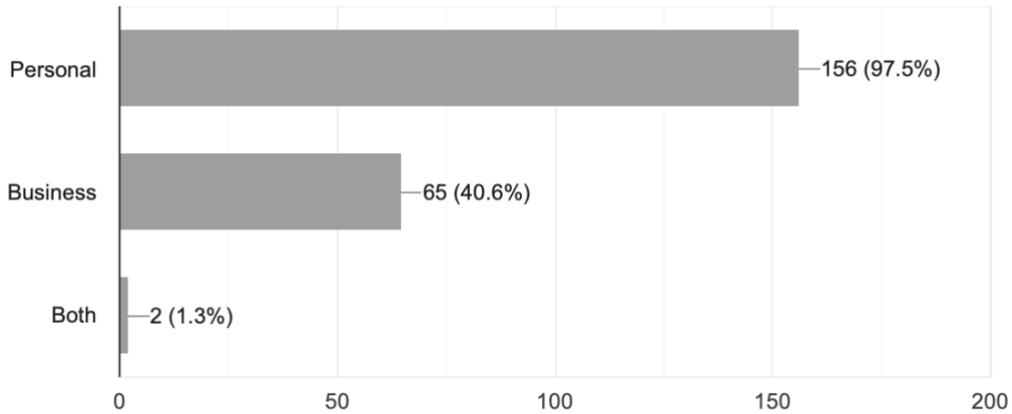


Figure 8. Is the time you spend on social media for personal or business use?
 Source: Composed by the author

In the third question, respondent was asked if they use their social media for personal or business purposes. Almost all respondents (97.6%) used social media for their personal usage. 40.6% of the respondents used social media for business. According to the Author, this high percentage is not surprising because the survey was shared in the linked area, where it got lots of attention.

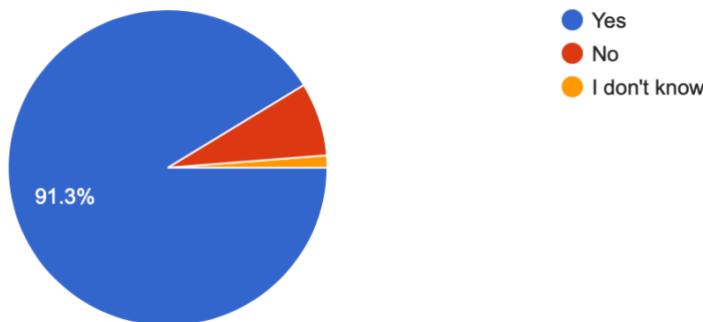


Figure 9. Have you experienced advertising on social media platforms?
 Source: Composed by the author

In the fourth question respondent were asked have they experienced marketing in social media channels. According to the author results were not surprising. 91% of respondent were experienced some kind of marketing in social media. one percent (2 respondents) of respondents didnt know if they have experienced it. One of them was under 16 years old and one over 60 years. Rest of the respondent have not experienced marketing in the social media channel. According to their responses to first question, the majority of those people were relatively inactive in social media.

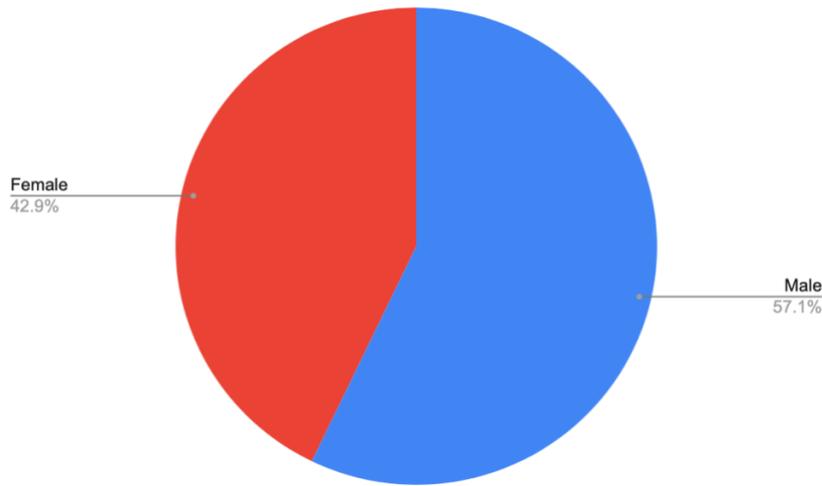


Figure 10. Correlation between gender and if respondent has experienced marketing in social media.

Source: Composed by the Author

The correlation analysis was conducted to find out if gender affects respondents answer if they had experienced marketing in social media channels. The Author calculated that gender has a slight effect on whether respondents have experienced digital marketing in social media channels. Results reveal that 57.1% of respondents who answered that they had not experienced marketing in social media were men when the rest 42.9% of respondent were a woman.

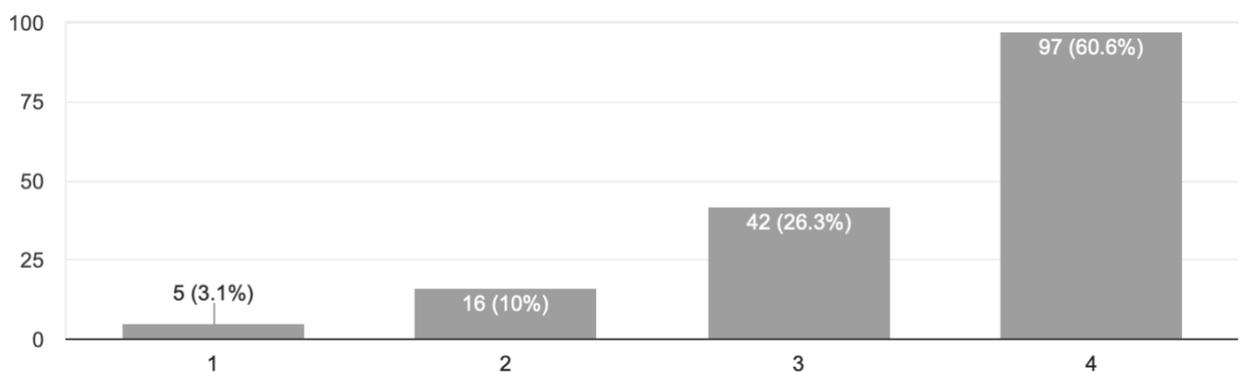


Figure 11. Behaviour on the internet and social media have an impact on ads which are shown to you?

Source: Composed by the author

In the fourth question, respondents were asked whether their behaviour on the internet and social media impact ads that are shown to them. The Author formatted question as a Likert scale question. Value "1" is a totally disagree, and value "4" is a totally agree. 60% of respondents totally agreed

that the ads are targeted based on their digital behaviour. 20% of respondents almost totally agreed with the fact. Three percent of the respondents replied that they totally disagreed.

The next chapter of the survey consists of case questions. The cases were formed so that the Author got consumer feeling towards targeted advertising. Respondents answers were measured with a Likert scale.

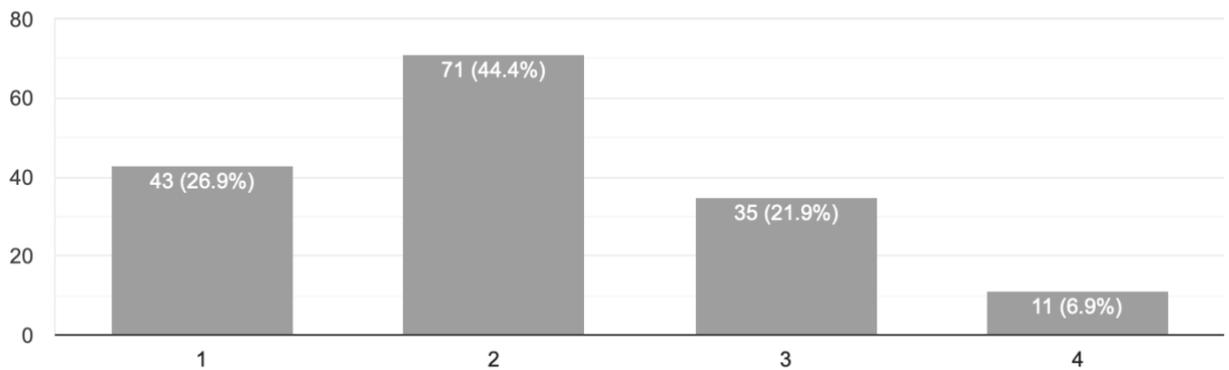


Figure 12. Case question number 1
Source: Composed by the author

The first case question was the following: *"Assume that you are in the market for new winter shoes. You have searched new shoes from google and have ended up to big fashion online store. Next, after 15 minutes of searching, you have found a perfect pair of winter shoes, but the price does not fit to your budget. You get frustrated and switch to Instagram. First thing you see in Instagram feed is an ad showing winter shoes which you have recently looked after. How does this feels like?"* Respondents had to choose their answer from four likert scale values. Value "1" beign a "I'm really concerned and I don't like this" and value "4" beign a "I'm completely happy with this". 44% of respondents answered that they are conserved about this event and 26% of all respondents are really conserved. Only 7.5 of this survey respondents felt like this event is okay for them. According to the Author the results were well expected.

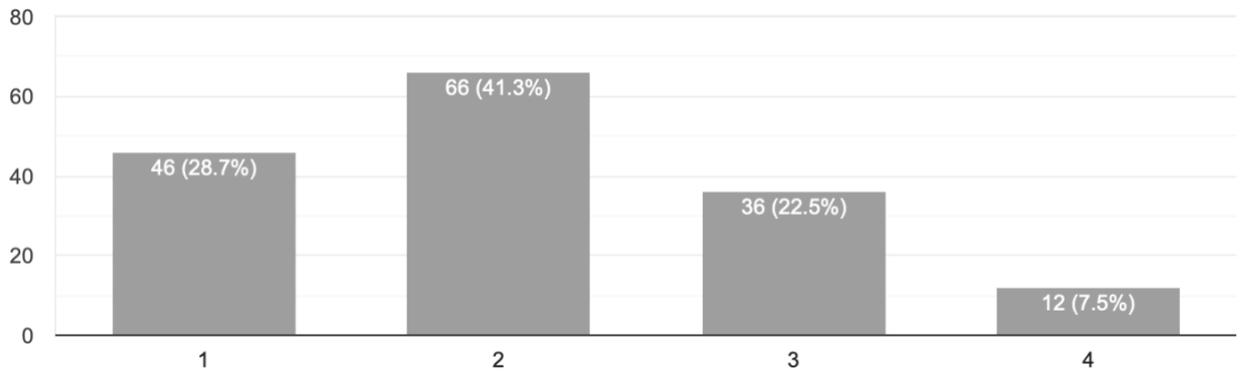


Figure 13. Case question number 1 supplementary question supplementary
Source: Composed by the author

In the second part of this first case question respondents were asked the same question but bit differently. *"If the winter shoes, you searched for would-be medical treatment for your health problem. And the previously presented caused marketing sequence would be the same. How would this feel like?"*

The result for this more defined second question was almost identical. As figure 13 shows, the answer spread similarly in figure 12. The results of this first case question reveal that consumers don't like to be tracked regardless if they do very personal or general acts on the internet.

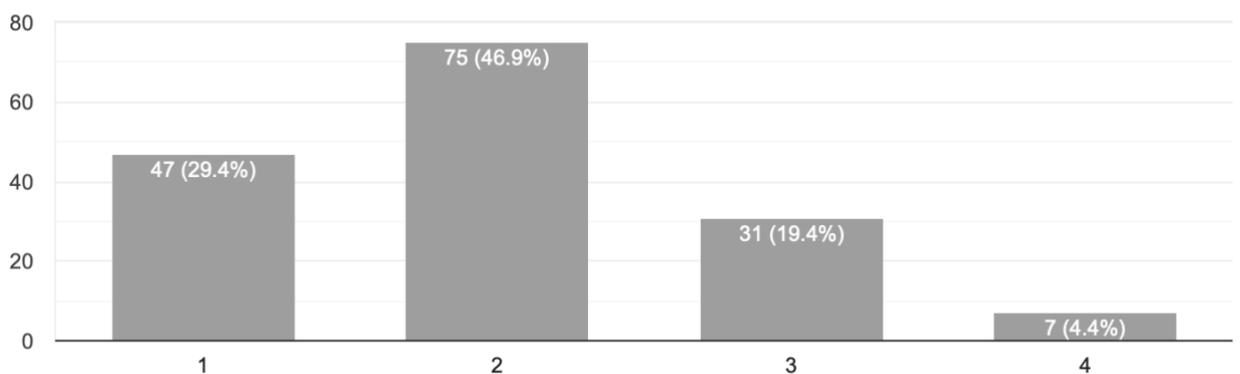


Figure 14. Case question number 2
Source: Composed by the author

The following case question was the following: *"It is Friday night, and you have spent a reasonable amount of time watching Facebook posts and feed. While scrolling the feed, you get distracted by interest product ad. Instantly you will click the ad and open the product page. When taking a closer look for the product, you will decide not to purchase the advertised product. During*

the following weekend, you will notice that the product you clicked and opened is showing you frequently on Facebook and Instagram. How does this feel like?"

Respondents had to choose their answer from four Likert scale values. Value "1" beign a "I'm really concerned and I don't like this" and value "4" beign a "I'm completely happy with this". Respondents answers followed the same pattern as in earlier case. 46.7% of respondents answered that they are conserned about his event. 29 % of respondents are anxious about this case. In this event, almost 7% of respondent didn't seem worried about it. This case question also followed the same responds pattern as the first case, as presented in figure 14. According to the Author, the result is again a little bit surprising because the case is different. However, the result clearly shows that consumers do not like that companies are tracking their activities.

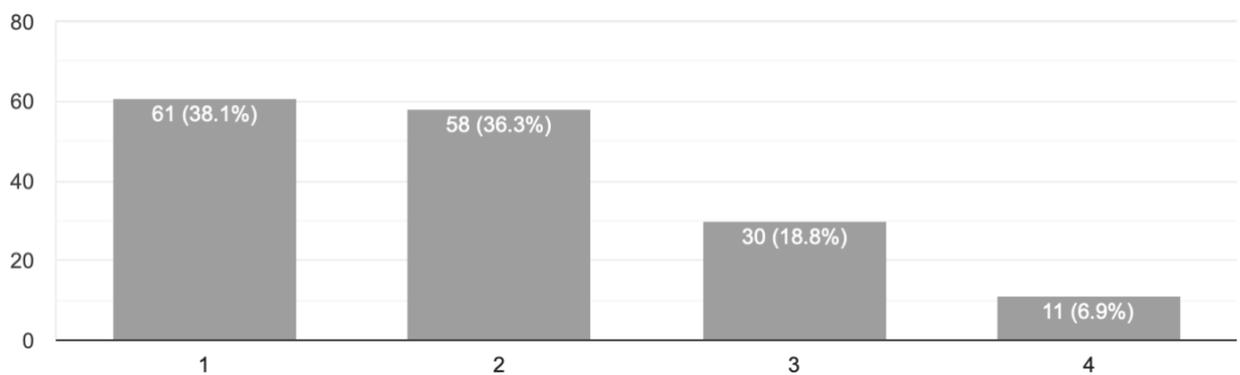


Figure 15. Case question number 3
Source: Composed by the author

The thirds case question was a little bit different. this time author asked how respondents are feeling about this common rumour of consumer information trading. *"For years there have been speculations that companies sell and purchase customers data from each other. If true companies could have so much data from you and "similar people" around the world that they could accurately predict your next purchasing decision. How does this feel like?"*

Respondents had to choose their answer from four Likert scale values. Value "1" being a "I'm really concerned and I don't like this" and value "4" beign a "I'm completely happy with this". This case revealed that people are indeed very consern about their data privacy. Almost 75% of the survey's respondents answered that they are concerned about this activity. The Author stated that

this is no surprise; however, there have not been any of these cases with the biggest social media companies that are handled in this research.

This case question has three supplementary questions regarding data privacy. In the first of them, respondents were asked that "How trustful are you towards the companies that gather and store the data from you?" Again the answering pattern was very similar. Majority of respondent felt very insecure towards companies who store their data. The result for the second supplementary question was a bit surprising. Respondents were asked how much they are aware of their data privacy. This time answers placed in the middle ground of the Likert scale. Value 1 being "not much" and value 4 "very aware". 70% of the responses placed to the values two and three. According to the Author, this is strange because respondents are very aware and unhappy with data privacy and targeted ads in an earlier question. Thrid question also revealed that only 35% of the respondents were using apps that protect their privacy and block ads.

3.2 Discussion

The majority of respondents was using social media on a daily basis. Furthermore, almost half of the respondents used social media for business purposes. (40%) Among the social media platforms, Facebook was most widely used, and Whatsapp was used most often. According to the Author's research majority of respondents spent only two to fours hours on social media.(figure 7) This result was surprising to the Author because worldwide media social media consumption value is almost seven hours per day, and the majority of respondents were in the age group 21 - 29 years old. (figure 3) The Author points out that today, people underrate their social media consumption rates because there have been lots of negative conversations about the topic. Based on the data received, people do not know which will be counted as social media or do not want to tell how big a part social media plays in their lives. The Author himself agreed that it is pretty worrying how much we spend time on social media. The fact that consumers spend so much time on social media makes it one of the best marketing platforms. This also resonates that almost all (91%) of respondents have experienced marketing in social media, and 86% of all respondents agreed that their digital behaviour affects ads presented to them, which is pleasant news from a company point

of view. This also confirms that marketers ads are delivering right because people recognise them as targeted ads.

The surveys case questions gave fundamental data. They revealed that respondents "consumers" do not feel great about targeted ads. The Author state that the result is bit alarming because in the long term it could harm companies brand who markets in social media. On the other hand, results show that ads that are meant to be targeted are delivering good, and consumers are taking note of them. The Author also reminds that many consumers think that if all tracking would be stopped, the quality of advertising would also drop. This could cause annoying ads to show in the social media news feed. Just like in early 2000, websites were full of random banner ads. The Author also emphasises that advertising is not going to stop even though the tracking and targeting will be getting harder or more expensive due to the new operating system being released.

The survey revealed that the sale funnel models work in practice. 91% of the respondents experienced marketing in social media, and 86% of respondents agreed that their internet behaviour is linked to ads shown to them. If marketers can understand how the sales funnel works, it will make marketing more efficient because sales funnel steps can be taken into account when planning the marketing and content.

This also forms an ethical problem around this topic. Tracking data is also used to enhance consumers' user experience in platforms, like presenting more relevant topics, pictures, and videos for them. If doing right ethically by disabling all tracking and end data gathering from consumers could cause in the worst scenario to platforms to lose all user because there could be no more relevant content to show. The Author states that when inspecting the survey results, it is necessary to teach people how these systems work on a larger scale. It is also crucial for social media companies to be more transparent of their data privacy policies to gain consumers' trust.

How trustful are you towards the companies that gather and store the data from you?

160 responses

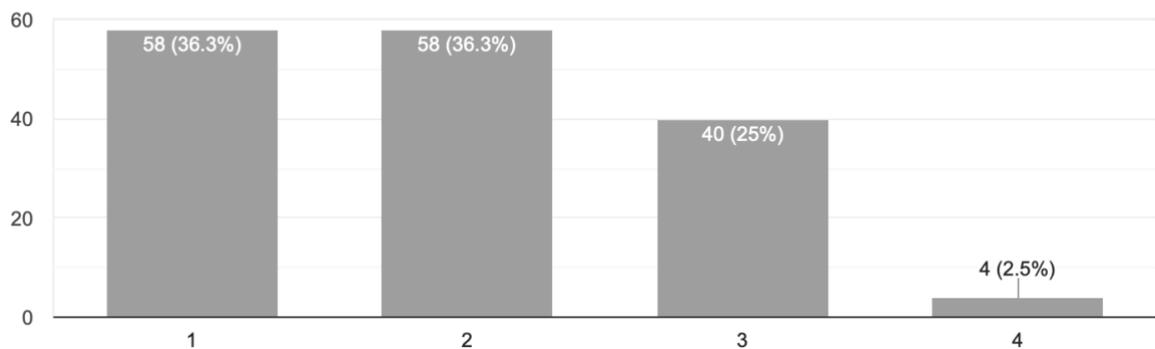


Figure 16.

Source: composed by the author

Figure 16 present that respondents were not confident about companies who gathers and stores their social media activities.

By all counts, and with proven results, respondents felt really concerned about targeted ads and their data privacy. Even when investigating individual results were mostly the same. This indicated that something needs to be done to this situation. As the Author mentioned earlier, companies, such as Facebook and Google, must be more transparent. As results revealed consumers' current situation towards their data privacy, companies like Apple have come up with extremity solution that will disable almost all tracking features at the operating system level. The solutions for this problem is make these thing easier to available to public so consumers can educate themself. Also, the Author emphasises that companies such as Facebook need to be more transparent and collect only necessary data. Current legislation is going slowly behind this fast development of targeted ads. However, this enables companies to stand out from each other by being more responsible about consumer data privacy.

After the survey was released to the public, the Author got lots of very positive and exciting feedback. Respondents were pleased that someone was researching this topic, although it is very widely spoken, but the facts are missing. Some of the respondents also realised the possibilities of digital media marketing because the cases revealed how the targeting works generally. The Author also got feedback that some respondents are worried because they have so many social media

accounts and were concerned about their data privacy. Because the survey generated good conversation around this topic, the Author thinks it was very successful.

Marketers in this field could utilise these finding when planning their marketing campaign. Today being sustainable is a trend where the company could earn a good reputation. By advertising sustainability and being transparent, consumer attitude could change towards targeted ads. Presented models such as a sales funnel and how the advertising platform works will help new businesses looking forward to starting digital marketing in social media channels. Marketers and companies can also utilise survey findings that how consumers are feeling towards targeting events.

CONCLUSION

This thesis aimed to research how social media companies gather data from consumers and utilise it in social media. Consumer data privacy has become one of the most well-spoken topics in media in 2021. This study revealed important information about how digital marketing works in social media and how most popular social media platforms works. The Author also pointed how widely spread, and how popular social media channels are and what possibilities there are for marketers. To be said, paid social media marketing have changed how marketers advertise their businesses. Paid social media marketing enables marketers to find the right consumers with a significantly efficient budget compared to traditional media channels. The Author concluded a quantitative research survey to get answers for this study.

The Author pointed out that there were a relatively restrained amount of literature available to the public from this topic. However, there are a good amount of old theories and data which could be utilised in this research. This decade and the amount of user data, such as penetration percentages, allowed the Author to compare his data with an existing one. In this thesis, the Author own experience also help to conclude this whole research. The Authors knowledge of digital marketing gave new perspective and thoughts from the field. For the future and especially for social media companies, it would be crucial to have this data available to the public with easily understandable language. Professional terms used in the digital marketing industry are very hard to understand for consumers without any knowledge of digital marketing.

The marketing industry has faced tremendous change during the last few years. Data is easier than ever to collect and manage. This research revealed that digital marketing in social media is more than just posting photos and videos on the platforms. Today, technologies and software allow marketers to targeted ads and retarget them with pinpoint accuracy based on consumer data profiles. This thesis revealed how digital advertising works in social media channels and how consumers data is collected and used. The challenges of digital marketing lie below these areas

because consumers know that they are tracked according to the conducted survey. However, they do not know how the collected data is used.

The research questions of this study were 1) How companies/platform gather the data from users, and how they use the data, and why? 2) What are the benefits for businesses and consumers from paid targeted ads, what are the downsides? 3) Is there an ethical problem related to targeted ads in social media? The authors' main findings of this study were that consumers are really concerned about targeted digital advertising and do not know how the process works. At the same time, most of the respondent did not do anything to prevent tracking. For companies, data gathering and tracking bring huge value to their marketing process because advertising can be targeted. Also, the after-sales process becomes significantly easier with the help of a sales funnel. The gathered data is used for marketing purposes and for enhancing the consumer's user experience in the platform. When speaking of benefits for consumers, this user experience aspect brings value for the consumers by bringing more relevant content to their social media feed. The Downsides of targeted ads for companies were clearly that consumer does not like to be tracked.

On the other hand, the downsides for consumers are that their data privacy is harmed. The Ethical problem occurs when doing right will still gain negative feedback from consumers. This shows that data privacy legislation is progressing slowly behind the fast development of digital marketing. The study also revealed that almost all respondents at least two social media platform. For marketers, a conducted survey shows that the delivery of targeted ads is excellent because so many respondents have noticed targeted advertising.

This study contained few minor limitations. The Author chose to use the non-probability sampling method. The survey was spread only on mentioned social media platforms, so people who only had access to those platforms could answer in the survey. Also, the study and theoretical data revealed that people are not willing to give the truth when speaking of time spent on social media. The Author points out that there is a clear lack of honesty when speaking about social media usage. The quantitative research also had limitation when speaking of respondent development proposals and ideas because they could be easily left in the background. The Author needed to analyse the respondent answers' to get an idea of the respondent proposal and development ideas.

For further studies, it would be helpful to study more consumers and companies development ideas for these challenges. Development ideas could be harvested by conducting qualitative research from a specific sample. This research could be a remarkable base for future studies in this area.

In the future, targeted advertising in social media channels will change to meet consumers assumption and legislation. In this research, there are several valuable points and data for consumers and companies to enrich their knowledge from this industry. Companies could get essential data on how consumers feel towards targeted ads, and consumers could learn how their data is collected and used. For example, start-up companies could utilise this data when planning their marketing strategy. It is crucial to plan the campaign to know how consumers will react when they see the advertising. It is not only the promotion of the products or the service and the more profound message and meaning of the campaign. Also, individual marketers and bigger companies could find relevant information from this thesis to make the digital leap in their marketing. Models such as sales funnel is plays a big part in efficient digital marketing in social media channels.

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APPENDICES

Appendix 1. Questionares

The following questionares were composed by the Author.

Joonas Puhakka Thesis survey

I would like to Thank you for agreeing to participate in my thesis survey. The information you provide in this questionnaire will be used for research purposes only. The answers you give will be deleted after the research have been done.

The aim of the thesis is to explore how companies and their products gather the data and eventually breaks customers privacy. What ethical problems lie below these methods and how people are feeling about their privacy on the internet. This study will bring valuable information from an essential topic to the public.

*Pakollinen

What social media platform do you most often use? *

	Hourly	Daily	Weekly	Monthly	I Don't use this app
Facebook	<input type="radio"/>				
Instagram	<input type="radio"/>				
WhatsApp	<input type="radio"/>				
Youtube	<input type="radio"/>				
LinkedIn	<input type="radio"/>				
Twitter	<input type="radio"/>				
Pinterest	<input type="radio"/>				
Snapchat	<input type="radio"/>				
TikTok	<input type="radio"/>				
other	<input type="radio"/>				
none	<input type="radio"/>				

"other" social media platform

Oma vastauksesi _____

How much time do you spend on social media daily? (hour) *

- 1 2 3 4 5 6 7 8 9 10 or more
-

Is the time you spend on social media for personal or business use? *

- Personal
- Business
- Muu: _____

Have you experienced advertising on social media platforms? *

- Yes
- No
- I don't know

Behaviour on the internet and social media have an impact on ads which are shown to you? *

- Totally disagree 1 2 3 4 Totally agree
-

Case questions

Think about the following scenarios and answer based on your feeling.

Assume that you are in the market for new winter shoes. You have searched new shoes from google and have ended up to big fashion online store. Next, after 15 minutes of searching, you have found a perfect pair of winter shoes, but the price does not fit to your budget. You get frustrated and switch to Instagram. First thing you see in Instagram feed is an ad showing winter shoes which you have recently looked after. How does this feels like? *

1 2 3 4

I'm really concerned and I don't like this I'm completely happy with this

If the winter shoes, you searched for would-be medical treatment for your health problem. And the previously presented caused marketing sequence would be the same. How would this feel like? *

1 2 3 4

I'm really concerned and I don't like this I'm completely happy with this

It is Friday night, and you have spent a reasonable amount of time watching Facebook posts and feed. While scrolling the feed, you get distracted by interest product ad. Instantly you will click the ad and open the product page. When taking a closer look for the product, you will decide not to purchase the advertised product. During the following weekend, you will notice that the product you clicked and opened is showing you frequently on Facebook and Instagram. How does this feel like? *

1 2 3 4

I'm really concerned and I don't like this I'm completely happy with this

For years there have been speculations that companies sell and purchase customers data from each other. If true companies could have so much data from you and "similar people" around the world that they could accurately predict your next purchasing decision. How does this feel like? *

1 2 3 4

I'm really concerned and I don't like this I'm completely happy with this

How trustful are you towards the companies that gather and store the data from you? *

1 2 3 4

insecure Trustful

How much are you aware of your data privacy? *

1 2 3 4

Not much very aware

Are you currently using software that blocks ads, cookies, protects your data privacy, or otherwise helps you control your web experience? *

- Yes
- No

Which program?

Oma vastauksesi

Demographical questions

Age *

- 15 years old or younger
- 16 - 20 years old
- 21 - 29 years old
- 30 - 39 years old
- 40 - 49 years old
- 50 - 59 years old
- 60 or older

Location *

- Finland
- Sweden
- Estonia
- Norway
- Muu: _____

Gender *

- Female
- Male
- Prefer not to say
- Muu: _____

what is the highest level of education that you have completed? *

- less than a high school
- High school or equivalent
- Bachelor's degree
- Master's degree
- Doctorate
- Muu: _____

Current profession / job position ?

Oma vastauksesi

Lähetä

Sivu 1 / 1

Älä koskaan lähetä salasanaa Google Formsin kautta.

Appendix 2. Results

Link for the survey results are available through google spreadsheet cloud link:

<https://docs.google.com/spreadsheets/d/1XN3x4u-ef7JKbykavnP6C8Gjp1BRfPBYPKCaXfMMltw/edit?usp=sharing>

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