ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 11| Issue: 7| July 2025|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2025: 8.691 || ISI Value: 1.188

SELLING PRIVACY: CASE STUDIES EXPOSING UNETHICAL DATA USE IN HYPER-PERSONALIZED ONLINE BEHAVIORAL ADVERTISING

Juhi Vaishnavi[1], Prof. (Dr) Jyoti Bhargava[2]
[1]*Research Scholar, Department of Commerce, University of Lucknow, Lucknow*
[2]*Head of Department Commerce, Department of Commerce, National PG College, Lucknow*

Article DOI: https://doi.org/10.36713/epra23116
DOI No: 10.36713/epra23116

ABSTRACT

The advertising sector has seen a substantial transformation due to the swift development of technologies like artificial intelligence, machine learning, and data analytics. The capacity to provide highly customized content based on each user's unique behavior, interests, and digital footprints makes hyper-personalization stand out among these. This strategy boosts productivity and involvement, but it also brings up serious ethical issues, especially with regard to user privacy, informed permission, and data transparency.

This study explores the effects of hyper-personalized Online behavioral advertising by analyzing a few case studies of well-known businesses, such as Amazon and Netflix, which highlight how invasive and opaque the underlying data harvesting methods are. These incidents show how advertisers can obtain a great deal of personal data, often without consumers' knowledge, which can cause unease and feelings of surveillance.

The results point to an increasing need for ethical moderation in the use of customization technologies. To ensure that advertising stays courteous and doesn't undermine consumer trust, marketers are advised to take a more open and restrained approach to data utilization.

KEYWORDS- *Online Advertising, Hyper-personalization, Online privacy ,case study approach, Digital marketing.*

1-INTRODUCTION

With anticipated spending of $667.6 billion in 2024 nearly 69% of all media ad spend—digital advertising has emerged as the dominant force in the global marketing scene. The rise of e-commerce and the broad use of cutting-edge technologies like artificial intelligence & machine learning etc which are the main drivers of this impressive growth, which shows the growing reliance on digital platforms. By using hyper-personalized advertising methods that produce customized consumer journeys, businesses, particularly e-commerce enterprises, are transforming how they reach and engage consumers. But they also give rise to serious privacy and ethical concerns with this change.

The shift from traditional advertising methods to digital channels has been fueled by technological advancements and changing consumer behaviors. AI-powered tools enable companies to collect vast amounts of real-time data, including browsing history, purchase patterns, and social media activity. Predictive analytics and machine learning algorithms analyze this data to anticipate consumer needs, delivering personalized recommendations and advertisements that feel uniquely relevant to each individual.

These advancements enhance user experiences and drive business growth, but they also contribute to consumers' increasing sense of constant surveillance. Many customers feel as though algorithms are "following" them, especially when they purchase on e-commerce sites where customized ads are often displayed immediately following product searches. This broad tracking raises concerns about data privacy and the ethical implications of collecting so detailed information without express consent. Businesses need to find a balance between privacy and personalization to maintain trust and optimize marketing campaign performance.

This paper is aiming to explore how companies are revolutionizing digital advertising through hyper-personalized strategies and AI-driven consumer journeys. Using case studies of Amazon and Meta, the paper will analyze the methods these companies employ to target consumers effectively while addressing the ethical challenges associated with such practices.
Following are the major objectives of the study:

- To analyze the growing role of Hyper-Personalized in Online Advertising
- To explore case studies leading companies (Amazon, Meta) using hyper-personalization for ad targeting and customer engagement.
- To discuss Ethical concerns and Privacy risks associated with Hyper-personalized Advertising.

ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 11| Issue: 7| July 2025|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2025: 8.691 || ISI Value: 1.188

2-UNDERSTANDING HYPER-PERSONALIZATION AND RELATED CONCEPTS

2.1-Hyper-Personalization-

A growingly common tactic in social media marketing is hyper-personalization, which examines user's personal information including search history, preferred content, and engagement patterns and highly-customized tailored ads according to the behavior of consumers.

Hyper-personalization creates fine-tuned, customized, and targeted experiences through data, analytics, Artificial Intelligence, and Automation. A B2B or B2C firm can assess a customer's past interactions and set up a multichannel configuration for more effective customer engagement and industry-specific insights often in real-time by combining enhanced data gathering with AI-powered technologies.(Valdez Mendia & Flores-Cuautle, 2022)

The four components of a hyper-personalization plan are distribution, design, decisions, and data foundation, where marketers distribute, design ads and collect data according to the needs and preference of consumers. (Boudet et al., 2017; Jain et al., 2021)

2.2- AI powered Hyper-Personalization

Artificial Intelligence has introduced transformative tools and technologies that are reshaping the ways in which consumers can be effectively interacted and targeted by marketers, particularly in e-commerce and content platforms. Among these, recommendation engines have emerged as one of the most impactful innovations, enabling businesses to hyper-personalize consumer experiences and drive engagement. These systems analyze large amount of consumer data, including browsing history, purchase patterns, and preferences, to suggest products or services tailored to individual needs. Companies like Amazon and Netflix have successfully implemented recommendation engines to enhance customer satisfaction and boost sales.

Because AI can adjust its recommendations and interactions based on users' current behavior in real time, as opposed to traditional customization that relies on static data, AI also means actual real-time engagement with dynamic personalization. For instance, a consumer can instantly receive a tailored email reminding them of the products or discounts if they leave their shopping cart empty. Simply put, chatbots driven by AI make it simple and responsive by instantly providing pertinent answers to the customer's questions. AI offers the potential to provide business-specific hyper-personalized marketing tactics that connect with customers on a personal level by fusing automation, predictive capabilities, and behavioral data.

2.3- Hyper-personalized Behavioral Advertising

Hyper personalization in marketing combines real-time and behavioral data from many channels and touchpoints so that brands can make a marketing plan that is very specific to each customer. This allows them to tailor relevant products, services, and advertising content for each consumer accordingly.

Hyper-personalization creates fine-tuned, customized, and targeted experiences through data, analytics, artificial intelligence, and automation. A B2B or B2C firm can now assess a customer's past interactions and set up a multichannel configuration for more effective customer engagement and industry-specific insights often in real-time by combining enhanced data gathering with AI-powered technologies.

The most common use of hyper-personalization is in advertising through the delivery of highly targeted digital ads. This can involve personalized websites featuring offers tailored to specific customers or even video advertisements.

2.4-Ethical Concerns in Hyper-Personalized Advertising

1. Privacy Invasion

The privacy breach of users is the main issue under Hyper-Personalized advertising. Massive data gathering is necessary for hyper-personalization, which frequently makes it difficult to distinguish between surveillance and voluntary data sharing. Like Netflix gathers detailed information about customers' preferences for particular genres, including watch duration, pauses, rewinds, and even the time of day (Lippold C .,2023)

2. Lack of Informed Consent

The amount of data being gathered and its intended purpose are unknown to many consumers. Informed consent is reduced to a simple checkbox exercise when privacy regulations employ ambiguous or complicated terminology (Martin, 2018). For example, Amazon's recommendation system, frequently without prior notice, records not only purchases but also browsing habits and the amount of time spent on product pages.

3. DATA TRANSPARENCY

Transparency is another ethical challenge. Algorithms operate in a "black box," making it difficult for users or even regulators to understand how decisions are made. This opaqueness undermines user trust and makes accountability difficult in case of misuse (Pasquale F, 2015).

4. CASE STUDIES OF UNETHICAL USE OF HYPER-PERSONALIZATION

4.1- Meta

Facebook was looking into ways to extend its ad targeting capabilities to thirteen to seventeen-year-olds on Facebook and Instagram, a particularly vulnerable demographic that is frequently experiencing adolescent image and social crises, according to a recent candid book by former Facebook insider Sarah Wynn-Williams titled "Careless People."

The company had created a pitch deck for marketers boasting that it could target phrases like "worthless," "insecure," "stressed," "defeated," "anxious," "stupid," "useless," and "like a failure" in order to take advantage of "moments of psychological vulnerability" in its customers.

ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 11| Issue: 7| July 2025|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2025: 8.691 || ISI Value: 1.188

Additionally, when teenage females removed selfies "so it can serve a beauty ad to them at that moment," the social network business tracked them, a highly unethical practice for vulnerable groups of society. (Wilkins, 2025)

4.2. Amazon

The tech behemoth continues to gather a lot of data. This includes the data you provide to Amazon, the data it automatically gathers, and the data it gets from other sources, such carrier delivery data.

As you converse with the Alexa voice assistant, Amazon gathers your name, address, searches, and recordings. It is aware of your orders, Prime content you watch, contacts you upload, and email correspondence with it. Prime Video Companies should, however, be open and honest about the information they gather and how they use it. Interactive and visually appealing privacy dashboards let users effectively manage their settings (Martin et al., 2020). Your political, religious, cultural, and economic beliefs can be inferred from the things you watch and listen to.

Amazon has a greater chance to gather your data the more services you utilize. If you have fully committed to the Amazon experience, you will divulge information, habits, and details that the firm may gather and utilize to "improve your experience." However, it's unclear exactly what is communicated within its own companies. The Amazon group of firms has a "pretty limited" privacy policy section on data sharing. Amazon lets marketers target by demographic, area, interests, and past purchases, but it doesn't share information that may be used to personally identify a person, such a name or email address.

Amazon is regarded as having one of the most sophisticated hyper-personalization engines in e-commerce. To customize content, it makes use of collaborative filtering, natural language processing, and predictive analytics. Critics counter that its data tactics, such as persistent tracking across devices and third-party websites, are excessively intrusive (Zuboff, 2019). Amazon was fined $886.6 million (£636 million) for processing personal data in violation of EU data protection regulations, and the corporation has come under fire in the EU for breaking GDPR principles, especially those pertaining to informed consent and data minimization. (O'Flaherty, 2022)

4.3.Netflix

Netflix's recommendation algorithm uses a combination of viewing habits, location, device type, and more to suggest content. While users appreciate relevant recommendations, concerns arise around the psychological manipulation of viewing patterns and the reinforcement of echo chambers (Sunstein, 2018). Furthermore, Netflix rarely explains how its algorithm works or what data it uses, contributing to a lack of transparency.

5. USER PERCEPTIONS AND BEHAVIORAL IMPACT

Users' awareness of hyper-personalization and its consequences is growing. 81% of Americans believe they have little to no control over the data that businesses collect about them, according to a 2020 Pew Research Center research (Auxier et al., 2020). Advertisements that seem "too accurate," implying a sense of being watched, make many people uncomfortable.

The "creepiness factor" affects user behavior, leading some to use privacy tools or avoid platforms altogether. Hyper-personalization, when perceived as intrusive, can backfire and erode brand trust (Bleier & Eisenbeiss, 2015).

6. RECOMMENDATIONS FOR ETHICAL HYPER-PERSONALIZED ADVERTISING

A legal policy framework like GDPR in India can help marketers understand their legal boundaries while simultaneously making consumers aware and literate about their Online Privacy Rights to help them protect their personal data. Increasing consumer awareness of privacy literacy by the appropriate authorities can help to build consumer trust and reduce consumers' concerns about unauthorized use of their data and how they can protect their consumers better.

Better user education regarding personalization and its advantages is necessary for this. Businesses should also disclose the types of data they use (e.g., demographic data versus site user data) because only equitable data management can build trust and alleviate people's concerns about data abuse. Therefore, users ought to be able to view their own profiles and change or delete any information that has been collected about them. In order to facilitate offline communication, users should also be provided with the contact details of the staff members who respond to questions about data management. (Polach & Treiblmaier, 2007)

Marketers should consider other conflicts and closely monitor the tipping point for various customization paradoxes that may impact consumer behavior and brand outcomes. (McKee et al 2024)

Businesses must also use data minimization techniques, which involve collecting only the information required for personalization, in conjunction with strict data retention guidelines to avoid excessive data acquisition, particularly private data that consumers keep online. Advanced technologies like blockchain, encryption, and data anonymization are crucial for protecting customer privacy while still facilitating customized marketing. (Rahman et al., 2024)

6.1. Other Suggestions

1.Transparent Data Practices

Businesses should be transparent about the data they collect and how they utilize it. Users can efficiently control their settings with

ISSN (Online): 2455-3662
EPRA International Journal of Multidisciplinary Research (IJMR) - Peer Reviewed Journal
Volume: 11| Issue: 7| July 2025|| Journal DOI: 10.36713/epra2013 || SJIF Impact Factor 2025: 8.691 || ISI Value: 1.188

the aid of interactive and visual privacy dashboards (Martin et al., 2020).

2.Minimization of Data

Only the information required for personalization should be collected, therefore marketers should take approach that minimizes data acquisition. This is in line with regulatory requirements such as GDPR and ethical guidelines.

3.Accountability through Algorithms

Businesses need to improve the auditability and explainability of their algorithms. The transparency gap can be closed with the aid of explainable AI techniques (Gunning & Aha, 2019).

4.Consent should be a procedure rather than a checkbox. Consent needs to be ongoing and situation-specific rather than a one-time formality. As users engage with platforms, they should be able to quickly change their settings or withdraw their consent.

7. CONCLUSION

Hyper-personalization no doubt has a lot to offer advertisers and consumers by completely changing the way prospects can be targeted and converted into actual consumers, it also raises serious questions related to its ethical usage especially in relation to authorization, user privacy, data transparency, appropriate use of personal data of consumers. As companies like Amazon and Netflix demonstrate, it can be difficult to distinguish between advantageous personalization and invasive surveillance. In the era of artificial intelligence, ethical advertising must prioritize human dignity, informed agency, and transparent processes. Future laws and frameworks like India's Digital Personal Data Protection Act, 2023(yet to be implemented) and technological advancements must aim to strike a balance between privacy and personalization to guarantee that innovation does not compromise with consumer confidence and trust.

REFERENCES

1. *Auxier, B., Rainie, L., Anderson, M., Perrin, A., Kumar, M., & Turner, E. (2020). Americans and privacy: Concerned, confused and feeling lack of control over their personal information. Pew Research Center.*
2. *Bleier, A., & Eisenbeiss, M. (2015). Personalized online advertising effectiveness: The interplay of what, when, and where. Marketing Science, 34(5), 669–688.*
3. *Boudet, J., Gregg, B., Heller, J., & Tufft, C. (2017). The heartbeat of modern marketing: Data activation and personalization. McKinsey & Company 201711–2. Retrieved June 15,2021 from https://www.mckinsey. com/business-functions/marketing-and-sales/ourinsights/the-heartbeat-of-modern-marketing*
4. *CHENEY-LIPPOLD, J. (2017). We Are Data: Algorithms and the Making of Our Digital Selves. NYU Press. https://doi.org/10.2307/j.ctt1gk0941*
5. *Gunning, D., & Aha, D. W. (2019). DARPA's Explainable Artificial Intelligence Program. AI Magazine, 40(2), 44–58.*
6. *Jain, S., & Purohit, H. C. (2022). Privacy concerns and avoidance behaviour towards data-driven online behavioural advertising. Business Analyst Journal, 43(1), 1–12. https://doi.org/10.1108/baj-08-2022-0024*
7. *Jain, S., & Purohit, H. C. (2022). Privacy concerns and avoidance behaviour towards data-driven online behavioural advertising. Business Analyst Journal, 43(1), 1–12. https://doi.org/10.1108/baj-08-2022-0024*
8. *Martin, K. D. (2018). The penalty for privacy violations: How privacy violations impact trust online. Journal of Business Research, 82, 103–116.*
9. *Martin, K. D., Borah, A., & Palmatier, R. W. (2020). Data privacy: Effects on customer and firm performance. Journal of Marketing, 84(1), 42–59.*
10. *McKee, K. M., Dahl, A. J., & Peltier, J. W. (2024). Gen Z's personalization paradoxes: A privacy calculus examination of digital personalization and brand behaviors. Journal of Consumer Behaviour, 23(2), 405–422. https://doi.org/10.1002/cb.2199*
11. *O'Flaherty, K. (2022, February 27). The data game: what Amazon knows about you and how to stop it. The Guardian. https://www.theguardian.com/technology/2022/feb/27/the-data-game-what-amazon-knows-about-you-and-how-to-stop-it*
12. *Pasquale, F. (2015). The black box society: The secret algorithms that control money and information. Harvard University Press.*
13. *Rahman, A. V., Putri Dika, R., & Khairi, A. (2024). Personalization vs. Privacy: Balancing Customer Data Use with Ethical Marketing Practices. 12(04), 349–356. https://doi.org/10.26418/ejme.v12i3.82521*
14. *Statista. (2025, June 17). Digital pure players ad revenue worldwide 2024-2025. https://www.statista.com/statistics/237974/online-advertising-spending-worldwide/*
15. *Statista. (n.d.). Advertising - Worldwide | Statista Market forecast. https://www.statista.com/outlook/amo/advertising/worldwide*
16. *SUNSTEIN, C. R. (2018). #Republic: Divided Democracy in the Age of Social Media (NED-New edition). Princeton University Press. https://doi.org/10.2307/j.ctv8xnhtd*
17. *Treiblmaier, H., & Pollach, I. (2007). Association for Information Systems AIS Electronic Library (AISeL) Users' Perceptions of Benefits and Costs of Personalization. http://aisel.aisnet.org/icis2007/141*
18. *Tucker, C. E. (2014). Social networks, personalized advertising, and privacy controls. Journal of Marketing Research, 51(5), 546–562.*
19. *Valdez Mendia, J. M., & Flores-Cuautle, J. J. A. (2022). Toward customer hyper-personalization experience – A data-driven approach. Cogent Business and Management, 9(1). https://doi.org/10.1080/23311975.2022.2041384*
20. *Wilkins, J. (2025, May 3). Facebook allegedly detected when teen girls deleted selfies so it could serve them beauty ads. Futurism. https://futurism.com/facebook-beauty-targeted-ads*