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Limits of Personalization: The Impact of Artificial Intelligence on Brand Perception

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Master in Marketing

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September, 2025

BUSINESS
SCHOOL

Department of Marketing, Operations and General Management

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Acknowledgments

The end of the Marketing Masters is the culmination of two very intense years that allowed me to grow as a marketeer. More than that, this dissertation marks the end of a chapter that opened when I was five years old and I stepped into my first classroom. I wrote this thesis between Lisbon and Rome, where I had the opportunity to challenge myself and experience the path of this project from different perspectives in my Erasmus experience, and for that I will always be grateful.

I would like to express my gratitude to Professor Ricardo Godinho Bilro, who guided me in this dissertation and provided valuable insights. Thank you for your dedication and for always motivating and inspiring me to go further, giving me the right guidance throughout the entire process.

I would also like to thank the twenty-six interviewees who took the time to answer my questions and made every effort to provide honest and detailed responses. Without their kindness, I would not have been able to achieve the results I have.

My greatest thanks goes to my amazing family, especially my parents, who have always supported me throughout my life and encouraged me to study what makes me happy. Thank you for always motivating me to chase my dreams and never give up.

Thank you to my friends, who listened to me talk about every single obstacle that I overcame, but which, at the time, did not seem possible. Thank you for being there, and for helping me balance a year full of work with moments of fun.

A very special thank you for the friendships I made during this Master's program, which made me never feel alone. We truly are the definition of stress bonding, and all the challenges that we faced became easier and much funnier with all of you by my side. This thesis would also not have been possible without your constant support.

Lastly, I deeply want to thank ISCTE and all the decisions that led me here. This institution became home throughout these five years. I am certainly not the same person I was at the beginning of this journey, ISCTE provided me with the knowledge to become a professional, as well as the experiences and people that shaped me into the individual I am proud to be.

Resumo

A evolução da inteligência artificial tem demonstrado um forte impacto em todas as indústrias, com especial ênfase na indústria do marketing, onde a personalização é uma das dimensões-chave. Assim, as marcas têm-se focado no desenvolvimento da personalização, transformando a experiência do consumidor. A personalização tem facilitado o processo de decisão dos consumidores, convertendo-o num processo mais eficiente e menos stressante para os consumidores. Embora alguns artigos mencionem riscos e benefícios específicos desta tecnologia, existe uma lacuna relativamente à perspetiva geral nos limites da personalização. Esta dissertação foca-se em compreender de que forma o uso da personalização com inteligência artificial influencia a perceção da marca pelos consumidores e quais os fatores-chave a equilibrar com a personalização. Este estudo tem natureza exploratória com uma análise qualitativa. Desta forma, vinte e seis entrevistas foram realizadas com uma amostra de portugueses Gen Z, o que nos permitiu descobrir que os consumidores esperam personalização das marcas e percecionam como um sinal de cuidado. Adicionalmente, este estudo conclui que a personalização deve ser equilibrada com diversos fatores que moldam a perceção do consumidor: autenticidade da marca, privacidade do consumidor e autonomia do mesmo. Estas informações fornecem dados valiosos para as marcas que pretendem construir ou trabalhar em relações já existentes com consumidores no mercado português.

Palavras-chave: Personalização, Inteligência Artificial, Consumer-Brand Relationship, Autenticidade, Privacidade

Classificação JEL: M31, M39

Abstract

The evolution of artificial intelligence has demonstrated a strong impact on several industries, with particular emphasis on the marketing industry, where personalization is a key dimension. Therefore, brands have been focusing on the development of personalization, transforming each consumer experience. Personalization has facilitated the consumer decision-making process, converting it into an efficient and less stressful experience for consumers. Although some articles mention specific risks and benefits from this technology, there is a gap regarding the general perspective on the limits of personalization. This dissertation focuses on the understanding of how the use of personalization with artificial intelligence influences consumers' brand perception and which are the key factors to balance with personalization. This study has an exploratory nature with a qualitative analysis. Therefore, twenty-six deep interviews were conducted with a Portuguese Gen Z sample, which allowed us to find that consumers expect personalization from brands and perceive it as a sign of care. Moreover, this study concludes that personalization should be balanced with several factors that shape the consumer perception: brand authenticity, consumer data privacy, and consumer autonomy. These insights provide valuable information for brands that aim to build or work in existing relationships with their consumers in the Portuguese market.

Keywords: Personalization, Artificial Intelligence, Consumer-Brand Relationship, Authenticity, Privacy

JEL Classification: M31, M39

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Introduction

Artificial Intelligence (AI) is transforming multiple industries, and Marketing is no exception. In fact, this is one of the most impacted areas, as a study by McKinsey states that marketing and sales exhibit the greatest potential regarding artificial intelligence (Chui et al., 2018). Additionally, according to Forbes (2022), over the next decade, a contribution of $15.7 trillion from AI-based services to the global economy is expected. Companies have been using Artificial Intelligence to improve consumer-brand relationships and tailor every interaction, aiming to enhance consumer experience. This new era creates both positive and negative aspects, which have been studied by several authors.

Previous studies have focused on the modifications Artificial Intelligence is causing in marketing, as well as the consequent consumer behavior. However, there is a notable lack of studies that provide a wide analysis of combining factors that most impact consumers when evaluating the personalization limits they are willing to accept, and regarding how brands accomplish the right balance on AI-based personalization. According to Hermann & Puntoni (2024), literature regarding consumer behavior with new AI-driven technologies is still insufficient.

Artificial Intelligence is defined by several authors as an autonomous system capable of analyzing data, understanding human behavior, and generating conclusions (Kanzola et al., 2024; Aldoseri et al., 2023; Haleem et al., 2022; Haenlein & Kaplan, 2019) and its benefits can be summarized in three key dimensions: precision, personalization, and efficiency (Huang & Rust, 2022; Tiautrakul & Jindakul, 2019; Yu et al., 2019). This technology has been developed since 1940, with the first code-breaking (Haenlein & Kaplan, 2019), up to these days with recent updates on Generative AI. Artificial Intelligence has evolved with automating tasks, analyzing algorithms in social media, rapid development of chatbots, and processing unstructured data, among others (Danao & Main, 2022). Therefore, companies go beyond reacting to consumer behavior, brands are able to predict their consumers' preferences and estimate their needs in advance (Kumar et al., 2024).

Artificial Intelligence also enables brands to tailor each offer and create unique, individual experiences (Tan et al., 2023), and its recommendations allow consumers to efficiently address their needs and preferences based on previous data analysis (Park et al., 2012). Online recommendations are increasing engagement and consumer satisfaction, for example, the viewer activity from Netflix is 80% powered by algorithmic recommendations (McAlone, 2016).

Personalization is a process that adapts brand communication to each singular consumer based on their available data and preferences (Roberts, 2003), being often associated with the term “customization” in marketing (Davis, 1987). By decreasing the volume of information that consumers process, the act of decision-making is often simplified (Ansari & Mela, 2003).

Moreover, consumers consider that brands understand them, and when feeling connected to their identity, they use the brand as a form of self-expression (Hermann & Puntoni, 2024; Puntoni et al., 2021; Matz & Netzer, 2017). Nevertheless, in case of personalization failure, consumers feel misunderstood, affecting their perceived self-identity, which leads to a separation from the brand (Kirk & Givi, 2025; Adam et al., 2021; Gruber & Schlegelmilch, 2014).

With AI-based personalization gaining greater impact, ethical concerns also increase. This technology introduces several concerns, such as creation bias, which, for instance, can isolate consumers in their own reality, generating less empathy and more misinformation (Eady et al., 2019). Concerns related to data privacy are also an emerging problem and the privacy paradox highlights that before sharing personal data with brands consumers mentally balance the benefits and disadvantages (Cloarec et al., 2022). As a result of these concerns, several regulations have been developed in order to protect consumers, such as the General Data Protection Regulation (GDPR) in the European Union, created in 2018 (Peukert et al., 2022; Stahl et al., 2021).

Therefore, this dissertation aims to analyze consumers' perspectives on AI personalization and focus on how that influences their perception and further behaviors. More specifically, this research aims to understand how consumers perceive the increased use of Artificial Intelligence by brands throughout the years and whether they see this positively or negatively. Ultimately, the present study provides theoretical contributions to the scientific community and practical implications for brands. In fact, the findings resulting from this dissertation contribute with valuable inputs for brands to have a perspective on which factors are considered crucial for consumers regarding AI-driven personalization. The sample for this research is composed of Portuguese Generation Z individuals, born between 1999 and 2004, currently living in Portugal. Therefore, the sample is exposed to the same culture and market context.

The present dissertation starts with a literature review that allowed the gathering of crucial information about the topic, defining important concepts such as Artificial Intelligence and personalization, and also existing theories that provided the knowledge to create the subsequent methodology. The methodology chapter presents the research process for collecting the primary

data. The results section shows an extensive analysis of all the data collected, which is further discussed and linked with the literature in the discussion section. The last chapter highlights the key conclusions, which are divided into theoretical contributions, managerial implications, limitations of this study, and future research.

1. Literature Review

1.1 Artificial Intelligence in Marketing

1.1.1 Artificial Intelligence Evolution in Marketing

Artificial Intelligence (AI) refers to electronic systems capable of analyzing data, autonomously generating conclusions, and predicting outcomes (Kanzola et al., 2024; Aldoseri et al., 2023). According to Haleem et al. (2022) and Haenlein & Kaplan (2019), these systems analyze the external data, simulate human behavior, comprehend it, and enable responses to the environment.

The evolution of Artificial Intelligence has been marked by several stages, beginning in the 1940s with Alan Turing's pioneering work with a code-breaking device, followed by Isaac Asimov's introduction of the Three Laws of Robotics (Haenlein & Kaplan, 2019).

Nevertheless, it was not until the early 2000s that AI earned importance in marketing, and companies started to explore data mining techniques. These processes aim to enhance the understanding of consumer preferences and behaviors with the goal of supporting strategic decisions such as targeting, segmentation, and positioning (Aflalo, 2020; Kumar et al., 2024). During this period, tools such as automated email scheduling and content personalization also emerged. The development of algorithms for search engines started to require AI concepts such as Search Engine Optimization (SEO) and Pay-Per-Click (PPC) advertising (Danao & Main, 2022). Furthermore, AI helped marketers optimize keywords and campaign strategies, boosting visibility and click-through rates (Schwartz, 2022).

Subsequently, in the late 2000s, the rise of social media platforms unlocked new opportunities for AI. The use of AI-powered tools enables brands to gain valuable insights regarding consumer sentiments and trends, leading to more personalized communication (Kaput, 2022).

In the 2010s, the era of Big Data allowed AI-driven predictive algorithms to anticipate consumer behavior and market trends based on past purchases and consumer engagements (Simpson, 2020). Furthermore, AI-powered chatbots have arisen and resulted in a pivotal moment for AI-driven marketing (Kaplan & Haenlein, 2019; Verma et al., 2021). Towards the end of the 2010s, ongoing advancements in machine learning and deep learning helped AI to process unstructured data, such as text and images, with higher accuracy, improving content analysis and recognition (Qin & Jiang, 2019). AI proved to be a powerful tool for personalizing

content and services, ultimately enhancing customer satisfaction and fostering long-term brand loyalty. (Kumar et al., 2024)

In the 2020s, attention turned to Generative AI, driven by new machine learning models that apply logic to the information that is generated in the form of text, image, or video. In 2022, OpenAI launched ChatGPT (Chat Generative Pre-trained Transformer), a large language model-powered chatbot that delivers an accurate reproduction of human capabilities (Hermann & Puntoni, 2024). These models have the potential, for example, to increase productivity, improve work quality, and help generate new ideas (Noy & Zhang, 2023; Zhu & Luo, 2022). The emergence of Gen AI marked a significant milestone in the development of AI, as it represented the first contact between such advanced systems and the general public.

Furthermore, the combination of big data analytics and machine learning methods has created new opportunities while simultaneously disrupting traditional processes (Akhtar et al., 2023; Gozalo-Brizuela & Garrido-Merchan, 2023; Wang et al., 2023). According to Haase and Hanel (2023), there are no differences in the quality of ideas generated by Gen AI and ideas generated by humans. However, Meincke et al., (2024) argue that ideas generated by Gen AI are less diverse and only reach their full potential when guided by human oversight (Demirel et al., 2024). In essence, these systems ingest vast amounts of data and utilize learning patterns to generate new content, learning from these experiences and constantly improving (Akhtar et al., 2024).

Overall, the evolution of Artificial Intelligence is influencing the marketing industry. These developments and technological advances result in several benefits to marketing.

1.1.2 Artificial Intelligence Benefits in Marketing

Noble and Mende (2023) argue that Artificial Intelligence has been gaining recognition across various industries due to its substantial contributions to their development. Particularly, a study by McKinsey highlights that the greatest potential value of AI lies in marketing and sales (Chui et al., 2018), with online shopping serving as a great example. AI-powered chatbots enhance the consumer experience by tailoring it to each user's purchase history (Kumar et al., 2024). Moreover, a survey conducted by Salesforce in 2022, revealed a significant increase in the number of marketing professionals using AI compared to the previous year, suggesting growing confidence in this technology (Kumar et al., 2024; Salesforce, 2023). This evolution is driven by several factors: the leveraging of computing power, the decrease in computing costs, and the increasing availability of big data, as well as the advances of machine learning (Huang & Rust, 2021). With this support, employees complete their tasks with more resources, which also

enhances their satisfaction at work (Loureiro et al., 2022). This growth marks a significant shift in the role of marketing, whereas companies once reacted to consumer behavior, they can now proactively anticipate consumer preferences and predict future needs (Kumar et al., 2024). As of now, these systems have become part of everyday life, enhancing our understanding of human decision-making (Aldoseri et al., 2023; Kanzola et al., 2024), particularly in the context of large online retailers. This enables accurate predictions of the products consumers are most likely to purchase (Kumar et al., 2024). Nevertheless, AI still fails to match all the human cognitive abilities, in particular the capacity to address complex problems across various contexts (Ng & Leung, 2020).

Moreover, AI-powered recommendations have significantly increased the revenues of digital services (Chinchanachokchai et al., 2021; Huang & Rust, 2018; Wu & Monfort, 2023). Therefore, AI-based services are expected to contribute $15.7 trillion to the global economy over the next decade (Forbes, 2022). Furthermore, companies like Accenture use Artificial Intelligence to improve the efficiency of their data collection process, which helps optimize their marketing budget by decreasing data processing time by 80% (Mishra et al., 2022).

Personalization in marketing has the potential to grow exponentially with Generative AI, leading to the mass personalization of content (Hermann, 2022). Moreover, it enables the creation of unique marketing offers, such as personalized product versions tailored to individual consumers (Tan et al., 2023). Not only is this content highly personalized, but it is also generated with unprecedented efficiency and productivity. This creates three AI benefits: precision, personalization, and efficiency (Tiautrakul & Jindakul, 2019; Huang & Rust, 2022; Yu et al., 2019). Traditionally, there was a trade-off between being creative and unique versus being efficient. However, with Generative AI, this gap is starting to disappear, as companies can now achieve both creativity and efficiency simultaneously (Fox, 2018).

AI recommendation system helps customers find the services and products they are looking for based on algorithmic analysis of consumer data (Park et al., 2012). This analysis is connected to personalization that matches consumers' preferences, leading to an increase in engagement and satisfaction (Esmeli et al., 2022). Due to its ability to process vast amounts of data by recognizing patterns, recommendation systems can achieve high accuracy. For instance, Netflix’s recommendation algorithm accounts for 80% of viewer activity (McAlone, 2016), which also demonstrates that consumers rely on and trust AI to make recommendations of movies and shows (Rita Gonçalves et al., 2025). In addition, YouTube shows a similar pattern with 70% of engaged content being a result of recommendations (Rodriguez, 2018).

Furthermore, this technology enables companies to easily foster cross-selling and convert visitors into buyers by personalizing products and giving them relevant recommendations (Hermann & Puntoni, 2024).

Predictions are based on diverse criteria such as consumers' preferences, interests, past behaviors, demographics, and even preferences from other users. Furthermore, any type of online interaction, such as likes, comments, and classifications, related to any type of product, service, brand, or social themes can be considered. All this information can be used to define personal characteristics, beliefs, and emotions (Matz et al., 2019) that will serve to make AI predictions more accurate (Matz et al., 2019) and improve consumer experience. (Huang & Rust, 2021)

1.2 Brand's Personalization and Authenticity

1.2.1 Brand Personalization

Personalization is defined as the process of adapting brand communication to each individual, according to their available personal data and preferences (Roberts, 2003). In the field of marketing, this concept is often associated with the term "customization" (Davis, 1987), which involves target customers and the offer of the right product at the right time (Sunikka & Bragge, 2012). Fan & Poole (2006) identified four approaches to personalization: architectural, which focuses on layouts and visuals, whether it is on websites or applications; instrumental, which aims to improve functionality; relational, which highlights social relationships and consumer quality; and commercial, focusing on the overall customer experience.

Personalization can increase purchase intentions by simplifying the decision-making process, reducing the amount of information that consumer needs to process, and increasing convenience (Ansari & Mela, 2003). Regardless, this requires collecting consumer data, which may raise privacy concerns (Kokolakis, 2017) and reduce the willingness to interact with the brand (Alimamy & Kuhail 2023).

It is important to have the right communication for creating desire among consumers (Aleem et al., 2021), therefore understanding how brand personalization works is crucial for getting a correct vision of how brands should adapt their marketing strategies and have a full usage of these technologies.

1.2.2 Consumer-Focused Marketing

Integrating Artificial Intelligence in marketing marks a shift towards data-driven and consumer-focused strategies, leading to a future where marketing is more responsive, adaptable, and effective (Kumar et al., 2024). The product or service that the brand offers should align with the values that the target audience defends. When this happens, a positive relationship between consumers and brands can emerge (Luan & Phan, 2024).

To communicate this alignment, companies often use Cause-Related Marketing (CrM), which promotes products linked to ethical and social values. This concept can be defined as a strategy that provides more than a product or service, presenting consumers with ethical and social benefits attached to the offer (Luan & Phan, 2024).

According to IEG data (2020), CrM reached 10 thousand million dollars in the US. However, some studies suggest that products linked to social causes are often perceived as being of lower quality (Luchs et al., 2010; Mai et al., 2019). This indicates that consumers prioritize price and functionality over ethical values, and companies should take this into account when communicating with their audience (Luan & Phan, 2024).

While Cause-Related Marketing focuses on offering consumer products aligned with their ethical values, other consumer-focused strategies complement this approach.

The concept of Customer Relationship Management (CRM) can be defined as the analysis of specific consumer activities, such as retail checkout, which can provide brands with crucial insights regarding consumer habits (van Esch et al., 2021). Based on the evaluation of consumers' purchase history, AI-powered Customer Relationship Management (CRM) systems can predict future behaviors. Therefore, brands can create more accurate and efficient marketing campaigns (Chatterjee et al., 2019). With Natural Language Processing (NLP) algorithms, brands can now access insights into consumer sentiments when interacting with them and use that information for future interactions (Ma et al., 2018). Moreover, CRM is an extremely helpful tool for identifying potential consumers and improving the relationship with the consumers that already have a relationship with the brand (Taryn, 2023).

Overall, considering both ethical values and individual behaviors is fundamental for a consumer-focused strategy. However, the success of these strategies ultimately depends on brand authenticity and the trust consumers have in brands.

1.2.3 Brand Authenticity and Trust

The way consumers feel and behave is influenced by the type of brand authenticity. For instance, brand characteristics such as communication, product quality, and consumer

experience shape consumers' perspectives. These individuals are more likely to be loyal, generate attachment, and trust a brand that is consistent and authentic, which also increases brands' competitiveness and market share. (Sun et al., 2024)

For a better perception of authenticity and how it shapes consumers' perspectives is crucial to identify the concept and understand how it is applied to brand theories.

Authenticity is generally understood to be genuine, real, and true (Lehman et al., 2019). This term can be complex and has been at the center of social theorizing of the self (Burke & Stets, 2009). According to Goffman (1990), individuals find themselves constantly balancing the idealized image for impressing others and authentic performances that reflect the individual's genuine self. Nevertheless, there is an inherent tension in this equilibrium, given that we are in a constant state of adapting to the context and public. In essence, Goffman (1990) focuses on what is presented to the audience, while Davis (2014) adds that authenticity must be felt but, more than looking authentic, it is necessary to be and feel authentic. (Goode et al., 2023)

Based on these perspectives, authenticity can be defined with five dimensions of brand authenticity: naturalness, consistency, originality, advertisement truthfulness, and reliability (Sun et al., 2024). Furthermore, this concept is traditionally divided into three categories: objective, constructive, and existential (Le et al., 2019, 2021, 2022). In more recent developments, the concept of authenticity has been further subdivided into two more divisions adding to the traditional ones: deviant and moral. Deviated regards situations when there's a disbelief in something unusual, and moral authenticity refers to the authenticity of the product/service provider (Le et al., 2021, 2022).

For brands, moral authenticity refers to their "true self" (Beverland et al., 2008), and they aim to help achieve consumers' self-authentication, connecting in a more moral and ethical sense (Kernis & Goldman, 2006). For moral authenticity to be at its optimal level, all the operational decisions must be made based on business values and philosophies (Carroll & Wheaton, 2009; Lehman et al., 2019). For this concept, consumer choice is influenced by a combination of economic factors with values, philosophies, and ethical considerations. Additionally, the concept of sustainability, encompassing social and environmental dimensions, also plays a significant role. (Lehman et al., 2019)

In the digital era, it became easier to highlight the aspects that the brands want to have in their identity (Davis, 2014), doing this in the freest and fastest way possible up to date (Davis, 2014; Marwick, 2015).

Additionally, the consistency concept is one of the dimensions that define authenticity, and according to a study conducted by Becker et al. (2023), it is crucial for all types of brands. For instance, it has also been demonstrated to influence consumers to recall brand knowledge faster (e.g., Albrecht & Myers, 1995, 1998). According to several theories, consistent long-term communication is the basis for building a strong brand (Keller, 2008). Overall, consistency is important for the creation and reinforcement of brand image (Brown et al., 2003).

The way consumers comprehend brand communication may differ depending on the brand size (e.g., Farris & West, 2007), and consumers may interpret advertisements in different ways. For example, for smaller brands, consistency can enable brand awareness (Keller, 2008). For larger brands, repetition can lead to a boredom effect (e.g., Naik et al., 1998).

According to Mayer et al. (1995), trust can be defined as the confidence that a person has to be vulnerable to the actions of other, expecting them to behave in a certain way. According to Friedman (2000), the concept of trust can be established not only between two individuals but also between humans and machines (Wickens et al., 2013). Trust is associated with the willingness to assume the risk and live with the uncertainty about future events (Delgado-Ballester et al., 2003; Morgan & Hunt, 1994). Conversely, authenticity is associated with certainty and predictability that is expected from the other person or machine (Schallehn & Burmann, 2014). According to Napoli (2014), a positive correlation exists between the concepts of authenticity and trust, as the level of trust is directly proportional to authenticity.

Overall, authenticity and honesty are highly valued by consumers (Zhang & Patrick, 2021), predisposing them to engage and trust brands (Cascio Rizzo et al., 2023). Moreover, brand authenticity generates brand loyalty (Pedeliento et al., 2016).

1.3 Consumer Behavior with Personalization

1.3.1 Consumer Experience and Feelings

Consumer experience importance has been increasing in marketing (Japutra et al., 2022; Pine & Gilmore, 1998; Schmitt, 1999), and consumers have never felt so much understanding by the brands (Hermann & Puntoni, 2024; Matz & Netzer, 2017), and according to findings of Loureiro et al., (2023) this uniqueness perceived by consumers is crucial on AI-personalization. This understanding is due to the fact that AI-based technologies leverage the classification system, while processing large amounts of data in a short period of time (Kim et al., 2021; Longoni & Cian, 2022). Segmentation needs to go further generic topics such as demographics, and start exploring each consumer's cultural context (Aleem et al., 2022), for instance, this

context shape consumers behaviors and are crucial in consumers perceptions (Hofstede, 1991). The AI-based classification system analysis is based on users' historical online activity, aiming to target customers with more specific communication, improving their experience (Gao & Lui, 2022;Rai, 2020). This AI segmentation can be perceived by consumers, fostering the "AI classification experience", as mentioned by Puntoni et al. (2021).

The implementation of personalization can lead to two outcomes. On the positive side, customers can feel deeply understood, have a good perception of the brand, and strengthen the customer's self-expression (Summers et al., 2016). Self-expression can be understood as the ability of consumers to communicate to others who they are, their personality, and identity through relationships with brands and other individuals (Puntoni et al., 2021). It has become the central element in AI-based platforms since consumers are more willing to interact with content that allows them to express themselves online (Rifkin & Etkin, 2019). Recommendations should be according to consumers' preferences to positively influence users' relationship with the company (Aslam, 2023; Kim et al., 2021).

However, if personalization is wrongly executed, it can have adverse effects, and consumers might feel misunderstood (Adam et al., 2021). It is important to avoid AI classification errors because they affect the consumers' sense of self, and that triggers psychological defense mechanisms against the brand (Gruber & Schlegelmilch, 2014). Furthermore, failed recommendations become irrelevant, resulting in unrelated and outdated content that harms the user experience and leads to consumer dissatisfaction, emotional discomfort, and frustration (Ahn et al., 2022; Davenport et al., 2020). Failures like this can result from placing consumers in the wrong groups based on biased predictions (Rita Gonçalves et al., 2025) and hurt the consumer-brand relationship (Knittel et al., 2016; Lee et al., 2009). Nevertheless, the extent of this reaction ultimately depends on consumers' different psychological reactions to all the algorithms' implications (Loog et al., 2019).

Researchers have found that consumers often prefer human decision-making over algorithmic decision-making, even when the quality of the process is compromised. This phenomenon is referred to as "algorithmic aversion" (Dietvorst et al., 2015) and is mostly caused by individual differences such as personality traits and the design of algorithms (Mahmud et al., 2022). Furthermore, algorithms are perceived by consumers as lacking authenticity (Jago, 2019; Jago et al., 2023) and as being morally inferior, which causes moral aversion (Bigman & Gray, 2018; Giroux et al., 2022). Another concern to consumers is the issue of data protection and privacy, which fosters uncertainty on trusting algorithms and, consequently, the brand (Lefkeli et al., 2023; Puntoni et al., 2021). Consumers may also react

negatively to algorithms when the motivations behind their actions aim to satisfy corporate objectives rather than focus on the benefits of the customer (Castelo et al., 2023).

However, the issue of algorithm aversion can be addressed by providing consumers with a level of control over the algorithms (Dietvorst et al., 2018). An alternative approach involves a simplified explanation of their functionality (Cadario et al., 2021). Furthermore, ensure the consumers that the process is overseen by humans enhances their comfort with this technology (Longoni & Cian, 2022). As consumers become more informed and familiar with these algorithms, their trust is likely to increase (Berger et al., 2021; Clegg et al., 2023; Mahmud et al., 2024). Furthermore, consumers have demonstrated a higher acceptance level of this technology when there is a possibility of being judged by humans (Duani et al., 2024) or when it is perceived as more objective rather than subjective topic (Castelo et al., 2019).

1.3.2. Consumer-Brand Relationship

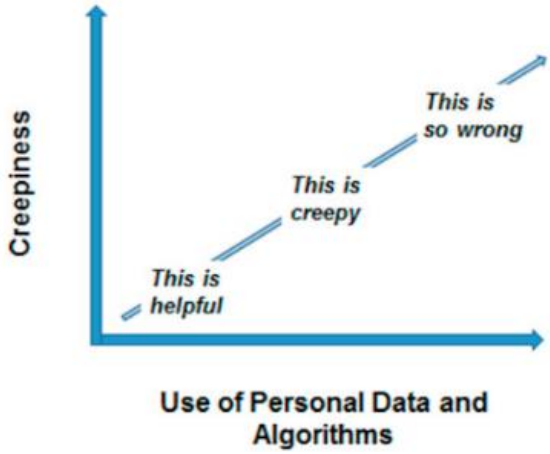
Despite the brand's efforts to create AI-generated marketing communication, if the consumers feel moral disgust prevenient from the AI, they are most likely to distance themselves and generate negative word-of-mouth (Kirk & Givi, 2025). Word-of-mouth is defined as a change of ideas between consumers about a brand and their experiences with it (Berger, 2014; Rifkin et al., 2023). In essence, the consumer-brand relationship is influenced by moral perception.

Concerning social interactions, Stanovich and West (2000) presented the Dual Process Theory framework that divides human cognition into two systems, system one connected to the emotional and irrational part, and system two related to reasonable thinking (Yuan et al., 2021). This theory provides an explanation for how consumers make decisions using both systems, and this can be applied to AI processes. For instance, chatbot interactions are perceived as a social interaction (Choi et al., 2020), and the more anthropomorphic (reflecting human-like traits) the chatbot is, the more users will identify with it and accept it (Blut et al., 2021; Rita Gonçalves et al., 2025). Nevertheless, if these expectations raised by anthropomorphism are not met, it results in dissatisfaction and reduces purchase intentions (Crolic et al., 2022).

According to Blut et al. (2021), anthropomorphism can create a sense of creepiness in consumers, leading to feelings of fear and disgust (Burleigh et al., 2013). For example, several studies reported that perceived creepiness was negatively correlated with user satisfaction and motivation to interact (Sundar et al., 2017; Yam et al., 2021). Regarding this concept, the level of creepiness and the use of personal data and algorithms were combined in the Creepiness Scale from the consumer perspective. According to Watson and Nations (2019), the scale ranges

from "*helpful"* to "*creepy"* to "*so wrong"* (Figure 1.1) and the use of personal data and algorithms is proportional to the level of creepiness.

Figure 1.1- The Creepiness scale by Watson and Nations



Source: Watson and Nations (2019)

This scale aligns with the "uncanny valley" concept, which suggests that when chatbots appear overly human-like, they tend to generate more negative feelings than those that are clearly artificial (Mori et al., 2012). Overall, consumer behavior regarding generative AI has still insufficient research (Hermann & Puntoni, 2024), and understanding how consumers react to AI-generated communication still has limited literature (Arango et al., 2023).

1.3.3 Analysis Paralysis and Paradox of Choice

According to Iyengar and Lepper (2001), multiple choices can seem the ideal base for a decision. However, it may become a demotivation factor for consumers. This aligns with the decision fatigue concept, which happens precisely when consumers are overwhelmed with all the options available and the decisions that they have to make (Kim et al., 2023; Pignatiello et al., 2020). It is described as the consumer's lack of capacity for decision-making due to psychological exhaustion (Gong & Park, 2023; Pignatiello et al., 2020; Polman & Vohs, 2016).

The study conducted by Iyengar and Lepper (2001) analyzed how people reacted to different numbers of options in a jam tasting booth. The aim was to understand if consumers were more attracted and likely to purchase with a range of twenty four different flavors rather than only six options. This study concluded that consumers felt more attracted to a wider selection of choices, although the likelihood of purchasing increased in the smaller offer booth. Another study conducted by the same researchers concluded that the process of choosing can be enjoyable for consumers when the offer is wider. However, the long-term feelings had an overall negative effect, as consumers reported feeling dissatisfied and regretting their choices.

Overall, Iyengar and Lepper (2001) found that the more options consumers have, the more they enjoy the choice-making process. However, consumers also feel exhausted more easily and feel more responsible for their decisions, which can cause them to feel frustrated with the process and unhappy with their choices.

Artificial Intelligence adds a stress factor to the decision-making process, leading to negative feelings such as anxiety and stress (Dunn et al., 2014; Mick & Fournier, 1998). As AI gets more sophisticated and understands the consumers better, recommendations get more accurate and enhance the consumer experience (Kingsmith, 2024). However, when used in excess, it increases the complexity of the decision-making process, and it can cause technostress (Ayyagari et al., 2011). This overwhelming choice leads to the decision fatigue mentioned above (Polman & Vohs, 2016). However, a wide range of options, when personalized, can also lead to positive engagement while facilitating the selection process and reducing fatigue (Kim et al., 2023; Pignatiello et al., 2020).

Information cocoon is the concept that describes how individuals select the information that they engage with, based on their interests, and get into an information-limited environment (Sunstein, 2006). In the online context, the personalized recommendations narrow users' scope while recommending products based on their interactions (Messaoudi & Loukili, 2024). Consumers perceive this personalization as highly individualized, resulting in a reduction of diversity in the available information and an increase in similar information (Tsekouras et al., 2022).

The decision-making theory by Schwartz et al. (2002), divides the process into two styles: maximizing and satisficing. Consumers with maximization tendency prefer a wide range of options and have all the information before purchase. Users with a satisficing decision-making style have a lower decision-making motivation and establish only specific criteria based on their wants, aiming to get a result "good enough". This type of consumer is more open to receiving personalized recommendations as they get a simpler process with reduced cognitive overload (Sivasubramaniyam et al., 2020). Overall, the effects of information cocoon depend on each user, with maximizers perceiving it as a limiting and frustrating tool and satisficers as a beneficial tool.

1.4 Over-Personalization Risks

1.4.1 Creation Bias

Consumers are increasingly seeking online information that aligns with their individual tastes and interests. Based on that, algorithms have become more personalized, therefore, several concerns have been raised and further investigated.

The “filtered bubble effect” is defined as the phenomenon of isolating individuals within their own information reality. The formation of this bubble is based on previously available data and results on restricted content, lacking new information. Consequently, consumers may develop a sense of absolute truth regarding their opinions and close their minds to alternative perspectives, raising ethical concerns. (Gong et al., 2024) A study conducted by Rhodes (2022) on political communication affirms that individuals are more likely to believe false information that aligns with their pre-existing beliefs.

Aligned with the bubble effect, the “homogeneous bias” is defined as a mechanism in which individuals are mostly exposed to similar opinions and like-minded people (Han et al. 2022). A closely related concept is the “Filter bubble”, which refers to a personalized reality created by algorithms based on each individual's preferences (Pariser, 2011). These bubbles reinforce existing beliefs, even if those beliefs are false, and isolate users from alternative perspectives. Consequently, consumers may become less empathetic and less understanding of others, while becoming more vulnerable to misinformation. (Eady et al., 2019)

1.4.2 Privacy and Ethical Issues

The ethical issues show how dangerous algorithmic bias can be and how consumers may feel manipulated and narrowed down to a subgroup. In addition to that, personalization also raises ethical paradoxes related to privacy management.

The privacy calculus theory defends that consumers cognitively evaluate the trade-off between the protection of personal data and the personalization benefits (Vimalkumar et al., 2021), balancing the pros and cons of personalization (Dinev & Hart, 2006). Generation Z has a preference for personalized content and values the brands that offer it (Tran et al., 2020). This generation has great expectations for personalization and is more likely to get frustrated when it does not correspond to those ideals (Ahora et al., 2021). Simultaneously, they are cautious to provide personal data without any benefits (Jahari et al., 2022). In this context, there are two paradoxes that are worth exploring, the privacy-benefit paradox and the avoidance-annoyance paradox.

The privacy–benefit paradox highlights the consumers' fear of data exposure versus the value they perceive in personalized content (Cloarec et al., 2022). More privacy-conscious users tend to be less receptive to personalization efforts (Vimalkumar et al., 2021), but they still value relevant and helpful ads (Baek & Morimoto, 2012; Shin & Lin, 2016).

The avoidance-annoyance paradox is defined as Gen Z consumers often resort to ad blockers when they find online ads annoying, restricting the personalization (Brinson et al., 2018; Gironda & Korgaonkar, 2018). However, by doing so, they start receiving less personalized and therefore less relevant advertisements, which increases their frustration with the brand (Aksoy et al., 2021).

1.4.3 Regulation (GDPR)

With literature, it is easy to understand that AI tools are becoming part of most products and services available to consumers. With that, it is harder to regulate the process with the traditional regulation existing in the pre-AI world.

This concern spread, and the European Union created the General Data Protection Regulation (GDPR), in May of 2018, that aims to protect consumer privacy and increase transparency and fairness of data processing (Peukert et al., 2022; Stahl et al., 2021). Since the new digital era, the GDPR stands out as the major legislative intervention in response to the growing digital influence on personal data (Zhang, 2024). It aims to increase awareness among users online, reminding them about their privacy rights. Additionally, in the US, several states started creating specific rules for AI, aiming for transparency from companies. Consumers want transparency in AI use, as 68% of consumers believe brands need to be clear about their AI use. (Zetwerk, 2024)

However, according to van Ooijen et al. (2024), online users are still vulnerable to data invasion and don't have total control over their data. Implementation of this law created a perceived control over privacy, but consumers still consent to sharing personal data without fully understanding the policies and consequences. For instance, an average mobile application needs 200 or more permissions in order to work correctly (Olmstead and Atkinson, 2015), meaning that consumers always have to share some part of their data for accessing apps.

2. Methodology

Bhangu, et al. (2023) argue that qualitative methodologies are based on an investigative technique that does not involve statistical or numerical methods of data collection and analysis. These methods include interviews, case studies, focus groups, participant observations, conversational and discourse analysis and biographies, among others. (Bhangu et al., 2023)

Qualitative methodologies offer several advantages in research. Non-quantifiable experiences, such as people's experiences and culture, can be analyzed more effectively, allowing a deeper understanding of respondents' perceptions and insights. (Bhangu et al., 2023). According to O'Brien et al. (2024), qualitative research is focused on respondents' perspectives, experiences, and the context in which these perspectives and experiences emerged.

This chapter details the methodological design of the research, explaining the collection and analysis of the data to address the main research questions of this thesis. The chapter is structured into several sections: it will examine primary and secondary data, as well as the interview process, including sample, interview construction, and interview analysis. The study incorporated 26 semi-structured interviews, yielding a comprehensive range of opinions and data for analysis. MAXQDA facilitated the analysis by providing a systematic organization and coding of the data by key themes.

2.1. Research Approach

The objective of the interviews is to gain an understanding of the respondents' perspectives and experiences. Consequently, researchers have pre-defined hypotheses that depend on well-structured interviews with standardized guides and further analysis. However, alternative research methodologies adopt an exploratory approach, examining in detail the perceptions and meanings attributed by respondents to their actions and feelings. The present study aims to explore the impact of AI personalization on brand perception. Given the exploratory nature of this search, an exploratory approach is the most suitable. (Dicicco-Bloom & Crabtree, 2006)

2.1.1. Primary data

The primary data selected for this thesis are interviews. According to Dicicco-Bloom & Crabtree (2006), the structure of the interview can be structured, semi-structured, or unstructured. The structured interviews, on one hand, utilize a set of predefined questions to systematically collect and follow the guide. This method is more often utilized to gather quantitative data. While interviews cannot be regarded as unstructured, some have a low level

of structure and are designated as such. This methodological approach enables researchers to identify crucial information through observation and interviews (Dicicco-Bloom & Crabtree, 2006). Semi-structured interviews are characterized by a predetermined sequence of questions. Nonetheless, in accordance with the respondents' engagement, the interviewer may add subsequent questions to further explore the respondents' contributions. These in-depth interviews represent the most common methodological approach for qualitative studies. Semi-structured interviews are defined as planned interviews, which means that they occur on a specific day, hour, and place, usually with a variable duration ranging from 30 minutes to several hours. Interviews can be individual or in groups: individual allows to dive deeper dives and groups allow for a more extensive diversity of responses (Dicicco-Bloom & Crabtree, 2006)

For this thesis, the adopted model was the semi-structured interview, aiming to study the impact of personalization with AI on consumers brand perception. This qualitative methodology allows exploring all the data from the respondents by proceeding with follow-up questions that together give a better flow to the interviews.

In-depth interviews are very advantageous for qualitative research, especially for themes that need more attention, as they allow the study of experiences and interviewee perceptions (Im et all, 2023), which helps to understand respondents' experiences and their sentiments towards brands.

2.2. Interview Process

2.2.1. Interview Sample

For this particular type of interview, it is essential to assemble a homogeneous group, given the necessity of shared contexts and similar references (Dicicco-Bloom & Crabtree, 2006). The preliminary stage of the data collection process involved the delineation of the type of respondents intended to be studied. The study exclusively considered respondents born between 1999 and 2004, a period that corresponds to the early years of Gen Z, to ensure the presence of linearity in the results and ensure the representation of this demographic. This strategic decision was made because Gen Z is the generation that began to engage with AI at their young age, started to keep up with AI from the first day, and are likely to continue doing that over an extended period, at the same time they are also the last generation to experience a world without AI. Furthermore, a homogeneous group provides a more coherent perspective of time. It was also necessary to establish a minimum level of contact with online environment. Furthermore, the study's participants were required to reside in Portugal to ensure a uniform cultural and

technological context for all participants. Moreover, these entities were more accessible to the author to contact them.

2.2.2. Interview Construction

The interview guide was divided into three primary sections. The first one focused on consumer habits and relationships with online consumption. The second focused on experiences with AI personalization. The third section focused on the limits and brand perception.

In the initial segment, the questions aimed to better understand the respondents' online consumer behavior, explore their established routines, and help establish a more welcoming atmosphere for the subsequent questions. Furthermore, the objective was to comprehend how consumers perceived the integration of personalization and artificial intelligence in a less deep manner, with questions like:

"Think about some brands that you have a long-term relationship with.
Do you feel that the brand's approach to you has been different during the years?"

In the second block, the primary objective was to understand consumers' experiences with personalization and their positive and negative sentiments towards those experiences and respective brands. Additionally, consumers were also questioned about their feelings regarding privacy invasion and discomfort with personalization:

"Do you remember any episode where you felt like the AI personalization
helped you in the purchase and improved your experience?
And a negative experience? What happened?"

In the final segment, the objective was to understand the impact on brand perception. To this end, hypothetical scenarios were created to understand consumers' boundaries regarding their relationship with brands, as well as their level of trust in AI in identifying their preferences:

"Imagine that a brand has a portfolio of 100 products.
Do you rather see all 100 products or that the brand only shows you
2 options that it believes are the best 2 options specifically for you?"

Despite the absence of specific questions regarding the way brands engage with consumers through recommended advertisements on social media, this subject emerged repeatedly in the course of all interviews. Consequently, in the results, it should be considered this point in the analysis. The interview guide is in Appendix A.

2.2.3. Interview Process

The respondents were initially contacted via WhatsApp or equivalent social media platform, and subsequent interviews were conducted using the Zoom platform. At the beginning of each interview, a concise introduction about the thesis theme was presented. The interview format was subsequently explained, thereby giving the opportunity for interviewees to question and thanking for the respondents' availability.

Twenty-six interviews were conducted between January and April of 2025. The collection was concluded upon the theoretical saturation point, which denotes that no new outcomes were found. This saturation is an essential methodological element as it indicates when to discontinue data collection (Saunders et al., 2017).

It is also important to acknowledge that the interview environment must be characterized by a sense of safety, thereby facilitating the sharing of authentic sentiments and experiences by the interviewee. In the context of conducting an interview, the interviewer should utilize caution when formulating follow-up inquiries to avoid potentially influencing the respondents' responses. For instance, rather than posing a direct question such as "Did that make you feel sad?" it would be more correct to ask "How did that make you feel?". (Dicicco-Bloom & Crabtree, 2006)

The interviews were recorded and transcribed with the help of external tools, with the approval of all participants. Two tools were used for transcribing the audio of the interviews, Microsoft Word and TurboScribe. Although the second option proved to be significantly more beneficial and time-efficient than the first one. Therefore, the primary objective was to take the audio of the interviews, which were conducted via Zoom, and subsequently refine the text to rectify any errors from the automatic transcription. Despite the necessity to review all aspects due to the margin of error, the author was able to begin to formulate a comprehensive understanding of the results.

Subsequently, the documents were imported into the MAXQDA program for analysis. The coding was executed manually in MAXQDA, based on an inductive approach, allowing the identification of emergent themes from the answers. The analysis is better explained in the research process.

2.3. Research Process

There are several ways to approach qualitative data, and selecting the right method is crucial to ensure reliable and valid results. Although content analysis was first used in the 19th century to analyze advertisements, newspapers, magazine articles, and others (Harwood & Garry, 2003), it has been widely utilized in fields such as psychology, communication, and business in the last decades (Neundorf, 2002).

Moreover, content analysis offers a perfect opportunity to explore theoretical issues and increase the comprehension of the collected data. The process begins by studying all content and grouping it into categories based on its relevance. In a resume, key themes and concepts are consolidated into categories for further analysis (Cavanagh, 1997). Content analysis has been identified as a reliable method for studying meanings, intentions, consequences, and context (Downe-Wamboldt, 1992).

In the analysis process two approaches are considered, the deductive content analysis and the inductive content analysis. For this study, the inductive approach was selected due to its capacity to transition from specific, concrete content (i.e., interviewees' responses) to more general content, creating codes. In essence, the statements made by the respondents are aggregated into codes that gather several statements with the same meaning. These codes are subsequently organized into broader categories, which function as the primary themes of this study (Chinn & Kramer, 1999).

The process consists of three main phases: the preparation phase, the organizational phase, and the reporting phase. The first phase involves becoming immersed in the data and reading it through several times while writing down every important statement (Burnard, 1991, Polit & Beck, 2004). This can be accomplished while rectifying any transcription inaccuracies from the utilized transcript platforms, which were already necessary.

After becoming comfortable with the data, the inductive content analysis requires organization of the qualitative data. This process involves open coding, which includes reading through all the interviews, writing down any significant content (Burnard, 1991; Burnard, 1996), and creating codes freely at this point (Burnard, 1991). Following the completion of the coding, the data were grouped into major categories, which were subsequently used to address potential issues of redundancy (Burnard, 1991; Dey, 1993; Downe-Wamboldt,1992).

However, it is also important to acknowledge that some answers can look similar but in different contexts that need to be addressed separately. While organizing the content according

to the response, it is crucial to recognize that the context constitutes an additional variable that can influence the organization of responses. (Elo & Kynga, 2007)

Dey (1993) states that creating these codes involves not only aggregate answers but also the analysis of each segment. Additionally, Dey (1993) notes that the researcher made decisions through the interpretation of each segment. In this thesis, 935 segments were coded and considered, ensuring that all results are described in sufficient detail to facilitate a comprehensive understanding (GAO, 1996).

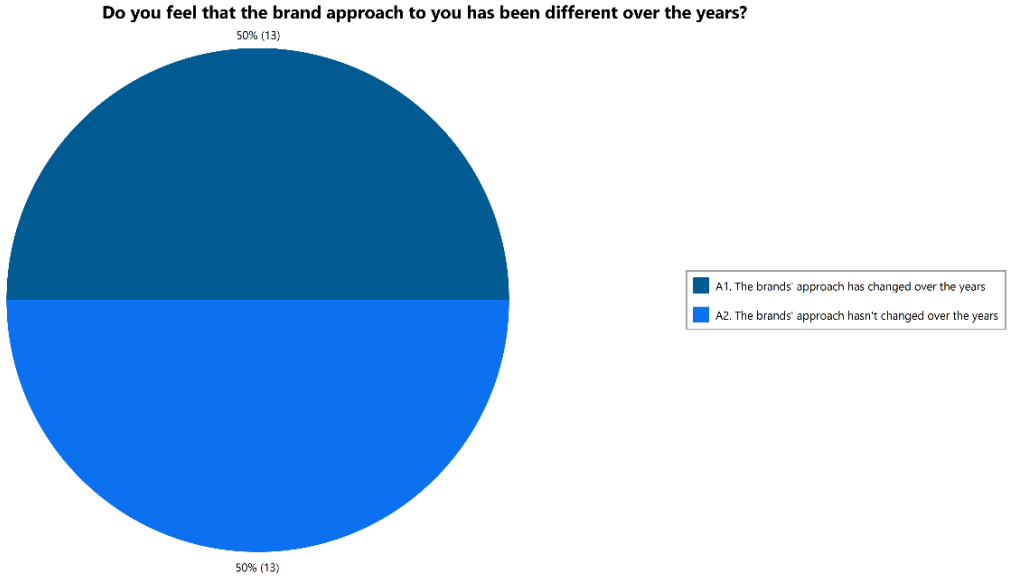
Each category was named after the main concept developed (Dey, 1993; Robson, 1993). In summary, the initial segmentation into codes was followed by the separation of these codes into main topics according to their theme. Following the organization of the main topics within each code, a systematic arrangement was established to optimize the flow of information. Subsequently, a series of internal subdivisions were established within each category, encompassing a collection of codes that could be methodically examined in combination with one another. (Marshall & Rossman 1995). Furthermore, during the analysis process, authentic citations were identified as a method to enhance the study's credibility (Patton, 1990; Sandelowski, 1993). The codes can be find in Appendix B.

3. Results

The resultant findings from the interviews were grouped into eight key themes: Perception of evolution of the brands' approach (A); Perception of being known by the brand (B); Experiences with personalization and outcomes (C); Discomfort, invasion of privacy and outcomes (D); Effects of personalization on brand image and relationship (E); Consumer preference for personalized selections (F); Impacts of excessive personalization (G) and Communications brand values with personalization (H). To enhance this study, consumer habits variables were added to better understand the respondents (I), which can be found at the end of this analysis.

Regarding the first category, "Perception of evolution of the brands' approach" (Table 3.1), there is a tie among respondents when asked if they have noticed changes in the brand's approach over the years. Thirteen participants mentioned that it has changed (A1), while another thirteen said that it has not changed (A2) (Figure 3.1). For instance, interviewee L stated "*What I feel is that for several years now, with each year that goes by, the online user experience is getting better*". Several key features were highlighted as part of this evolution. Six respondents highlighted the fact that brands are adapting more to their tastes (A6), and four respondents consider that they are getting used to personalization in their communication with brands over time (A5). For example, two respondents mentioned that website personalization is increasing (A4). However, when asked about this topic, a separation between fast-fashion and other purchase areas as arisen, as seven respondents said that even if they noticed an increased personalization by some brands, in the fast-fashion world, they didn't feel any concern from the brands (A7).

Figure 3.1- Consumers' perspective on the evolution of brands' approach



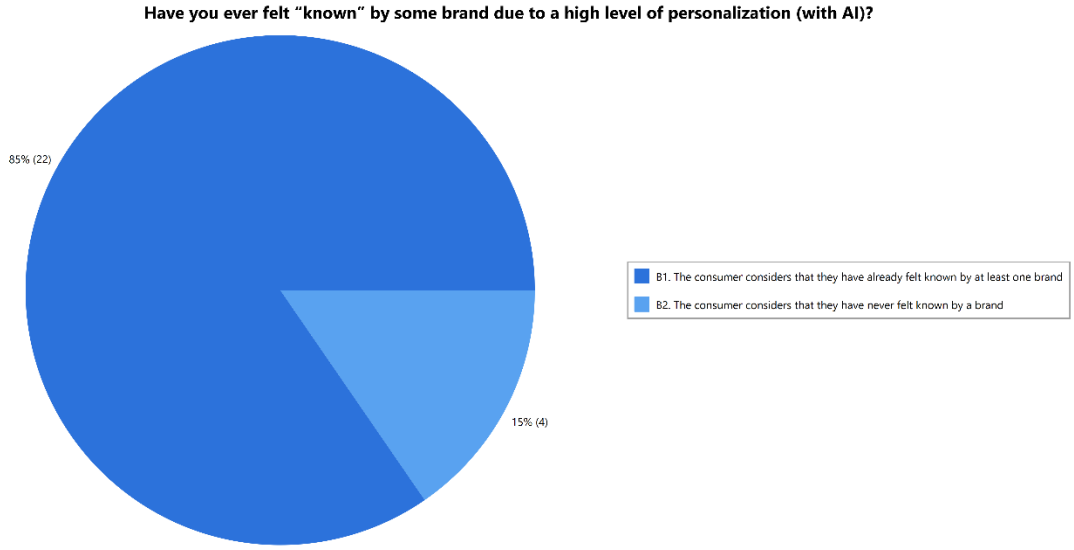
Source: Own Elaboration

Code	Frequency
A1	13
A2	13
A3	1
A4	2
A5	4
A6	6
A7	7

Table 3.1 - Absolute Frequency of "Perception of the evolution of the brands' approach" Coded Answers
Source: Own Elaboration

Regarding the second topic, "Perception of being known by the brand" (Table 3.2), the answers show a clear trend. The majority of respondents (22) consider that they already felt recognized by at least one brand (B1). For instance, interviewee W mentioned that "*When I enter a website, they already know what I want*". However, four participants mentioned that they have not felt recognized by any brand (B2).

Figure 3.2 - Consumers' perception of being known by brands due to personalization



Source: Own Elaboration

Additionally, code B7 shows that consumers are becoming accustomed to brands personalizing their recommendations based on consumer history, as eight interviews mention this. Furthermore, six respondents said that the more they interact with a brand, the more personalized their experience is with it (B10), and three consumers even said that brands can predict what they will want before they do (B12). However, five respondents feel that brands only use personalization to increase revenue (B8). According to codes B4 and B5, six respondents view it positively when brands know them. However, there are some that are still not affected by that, as two of them said they were indifferent to personalization (B6).

Code	Frequency
B1	22
B2	4
B3	1
B4	2
B5	4
B6	3
B7	8
B8	5
B9	1
B10	6
B11	1
B12	3
B13	1

Table 3.2 - Absolute Frequency of "Perception of being known by the brand" Coded Answers
Source: Own Elaboration

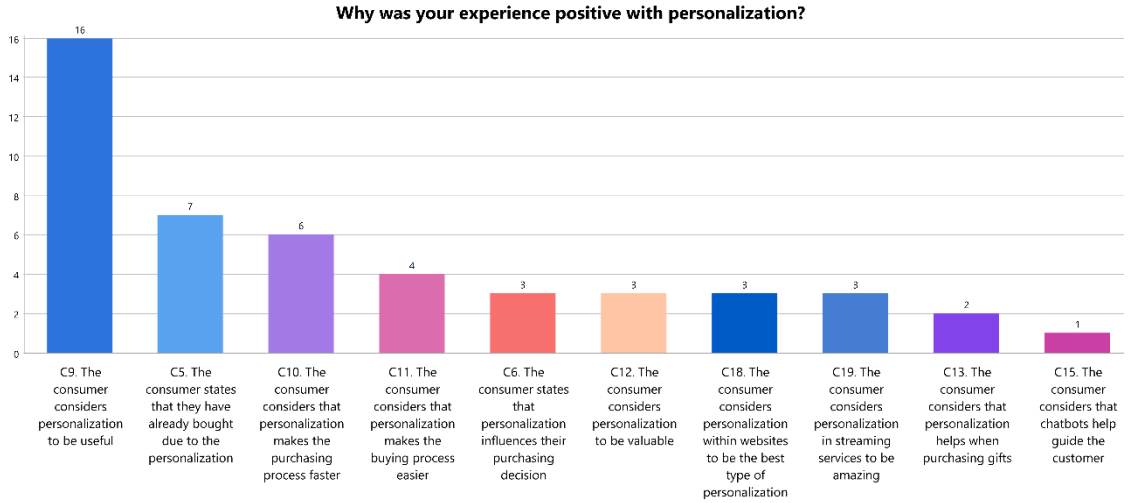
Regarding the interviewees' experiences with personalization (Table 3.3), seventeen respondents affirmed that they had at least one positive experience, while six said they never had a positive experience (C1-C2). Furthermore, thirteen respondents said that they never had a negative experience with personalization, while nine participants mentioned that they had at least one negative experience with personalization (C3-C4). Notably, one respondent mentioned that they are not influenced by personalization (C8).

On the more positive side of personalization (Figure 3.3), sixteen respondents consider personalization as a useful tool (C9), six respondents find that it makes the process faster, four find it easier, and three perceive it as a valuable asset (C10-C12). Additionally, seven respondents indicated that they had made a purchase due to personalization, and three of them stated that personalization influences their purchasing decision (C5-C6). In the context of platforms, three respondents consider personalization regarding websites the best type of personalization (C18). Additionally, three respondents acknowledge the noteworthy streaming services available (C19).

On the more negative side of personalization (Figure 3.4) one individual perceives personalization in streaming as a restrictive factor that limits their options (C20). Another person states that they need to use a different account to be able to diversify the streaming platform's offerings (C21). Six respondents affirm that they have already received a failed personalization (C22). In fact, interviewee O mentioned that "*I once used a website to buy Christmas items, and when I returned to the site in February or March, there were only Christmas items available for purchase. I had to scroll extensively and do a lot of searching before they started showing more diverse items*".

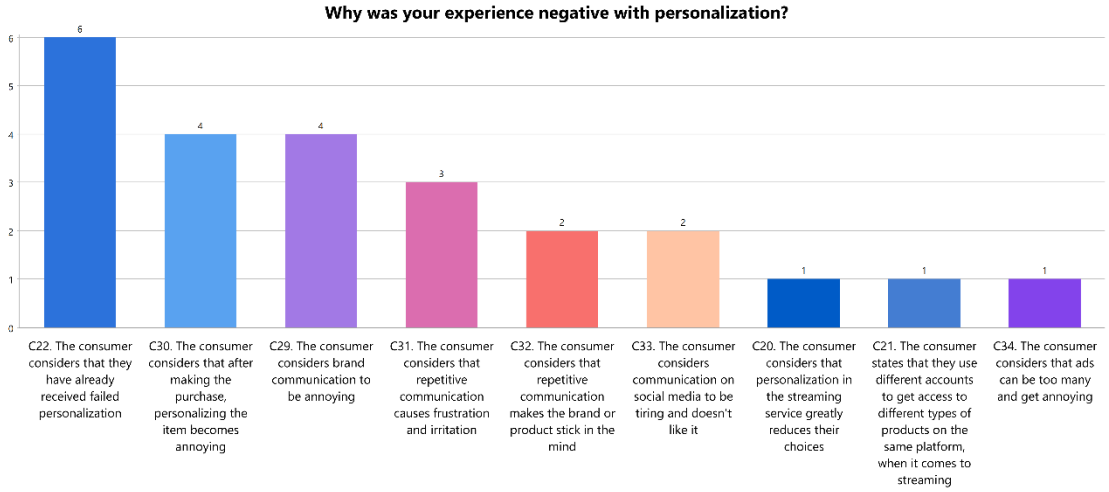
From C23 to C26, there are several reactions to this failed personalization, including sadness and disappointment (1), loss of interest (1), indifference (4), or the assumption that it is a generic communication (1).

Figure 3.3 - Reasons why consumers consider their experiences with personalization positive



Source: Own Elaboration

Figure 3.4 - Reasons why consumers consider their experiences negative



Source: Own Elaboration

Code	Frequency	Code	Frequency	Code	Frequency
C1	17	C13	2	C25	4
C2	6	C14	1	C26	1
C3	9	C15	1	C27	1
C4	13	C16	2	C28	1
C5	7	C17	1	C29	4
C6	3	C18	3	C30	4
C7	2	C19	3	C31	3
C8	1	C20	1	C32	2
C9	16	C21	1	C33	2
C10	6	C22	6	C34	1
C11	4	C23	1	C35	1
C12	3	C24	1		

Table 3.3 - Absolute Frequency of "Experiences with personalization and outcomes" Coded Answers
Source: Own Elaboration

The data collection regarding discomfort and invasion of privacy (Table 3.4) resulted in the creation of several codes, which can be further divided into subgroups.

The first subgroup shows how many consumers have felt discomfort with personalization (D1-D6). Ten respondents never felt uncomfortable with excessive personalization (D2). However, eight respondents have felt uncomfortable at least one time (D1). Moreover, the majority of the consumers (10) indicate that no brand has ever gone too far in personalization (D4), while four consumers report that at least one brand has exceeded acceptable limits with regard to personalization (D3). Furthermore, seven interviews highlighted the sentiment of invasion of privacy (D5-D6), with four of these consumers perceiving that at least one brand has already invaded their privacy (D5).

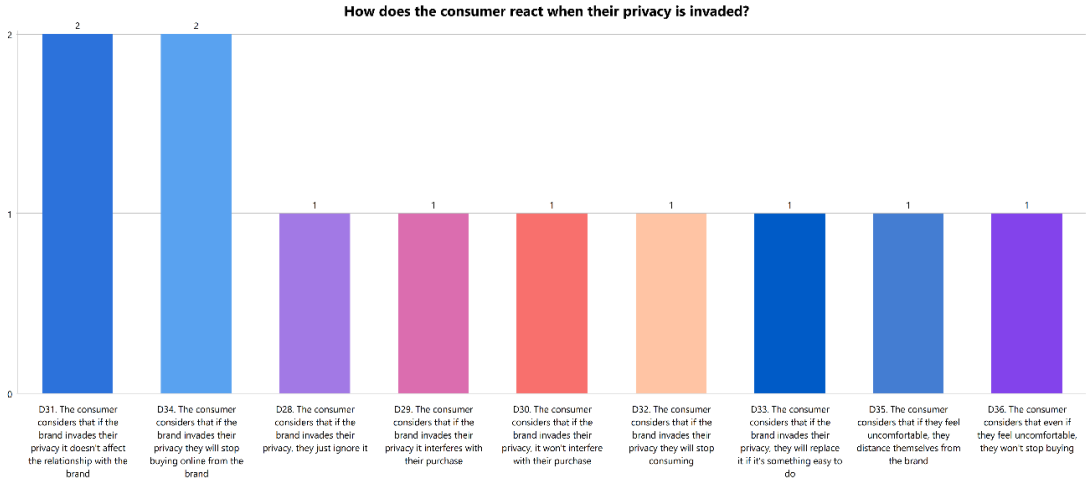
The second subgroup encompasses all the characteristics that evoke discomfort among consumers in the context of personalization (D7-D22). The notion of brands possessing a lot of knowledge about consumers was a salient theme. Specifically, eight consumers indicate a lack of understanding regarding brands' ability to accumulate such comprehensive data on their personal lives (D13). Moreover, five respondents expressed sentiments of being tracked (D11) while four respondents considered what brands know about them to be frightening (D12), and five consumers considered the lack of privacy frightening as well (D14). For instance, interviewee B said "*I feel like sometimes it's a bit scary because we think they're spying on my phone and listening to everything I think*.". The brand's communications were also regarded as negative by four respondents when it was based on their private conversations (D17), although two respondents had considered this method as "strange but useful" (D18).

The third subgroup that emerged from fifteen interviews focuses on the source of blame for the perceived lack of privacy: retailers, social media, brands, or smartphones (D24-D27). The

majority of respondents identified social media as the primary cause, with smartphones ranking second (10 and 3,respectively).

The fourth subgroup has centered on the consumers' behavior subsequent to the perception of invasion of privacy (D28-D36) (Figure 3.5). Despite the ambiguity of the responses, a synthesis of the findings can be condensed into two primary outcomes: consumers who exhibited indications of modifying their brand-related behaviors after the privacy breach, and consumers who did not manifest such alterations. Six respondents exhibited indications of modifying their behavior (D29, D32-D35). These respondents considered that it interferes with their purchase (1), stopped consuming the brand (1), replaced the brand (1), stopped consuming the brand online (2), and distanced themselves from the brand (1). On the other hand, five respondents showed signs of not changing their behavior (D28, D30-D31, D36) as respondents consider the invasion of privacy not to interfere with their purchase (1), that it doesn't affect the relationship with the brand (2), one respondent just ignores it and another respondent considers that even if they feel uncomfortable they won't stop buying (1).

Figure 3.5 - Consumers' behavior subsequent to the perception of invasion of privacy



Source: Own Elaboration

In the final analysis, the interviewees stipulated certain conditions and acceptable limits, depending on the trade-off (D37-D43). Three respondents expressed their belief that the invasion of privacy is justifiable if the trade-off is considered worthwhile (D38). For instance, interviewee F said "*I don't mind sharing my data with the brand, as long as the offers are focused on items I like*". Three consumers indicated a favorable view of personalization if it respects their privacy (D39). Additionally, two respondents noted their awareness that when brands are subject to cyber attacks, their data is also vulnerable to attack (D41).

Code	Frequency	Code	Frequency	Code	Frequency
D1	8	D16	2	D31	2
D2	10	D17	4	D32	1
D3	4	D18	2	D33	1
D4	10	D19	1	D34	2
D5	4	D20	1	D35	1
D6	2	D21	1	D36	1
D7	2	D22	1	D37	1
D8	0	D23	1	D38	3
D9	2	D24	1	D39	3
D10	1	D25	10	D40	1
D11	5	D26	1	D41	2
D12	4	D27	3	D42	2
D13	8	D28	1	D43	1
D14	5	D29	1		
D15	2	D30	1		

Table 3.4 - Absolute Frequency of "Discomfort, invasion of privacy and outcomes" Coded Answers
Source: Own Elaboration

Insights regarding the effects of personalization on brand image and relationships with the brands were gathered from several questions of the interviews (Table 3.5). The interviewees discussed the effects of personalization on brand image and relationships with brands, and a current pattern of responses was identified. A total of nine respondents acknowledged the positive impact of personalization on consumer experience (E2), while seven respondents recognized its capacity to improve the relationship between the consumer and the brand (E4), and five considered that it enhances the brand (E3). Moreover, four consumers have indicated that personalization is indicative of the brand's consideration for them (E1). For example, interviewee U said "*Personalization is always good because it gives you the feeling that the brand cares about you*". Thereafter, the formation of a subgroup of positive sentiments derived from personalization emerged (E5-E8). For instance, five respondents expressed that personalization makes them feel special (E6), and the interviewee B stated that "*If there is personalization, I also feel special and tend to buy more from the brand because I know I will receive special attention".*

Furthermore, the analysis revealed an additional subgroup with what consumers value on brands (E13-E14), four individuals expressed a comprehensive value for personalization (E13).

The following subgroup relies on comments regarding personalization and comparison with their perception of brand authenticity (E15-E26). The majority of respondents expressed their preference for authenticity and consistency over personalization (16/6) (E23-E24). Following this, eleven respondents consider that personalization increases authenticity (E15) and five consider that personalization has a negative effect on authenticity (E21). Moreover,

seven individuals refer to the correlation between personalization and consumption, with the majority (7 out of 8) asserting that personalization enhances consumption (E27-E28). For instance, interviewee A said that "*Personalization makes me want to return to the site more often and increases the likelihood that I will purchase other products*".

Furthermore, a subgroup considered to be indifferent toward personalization (E29-E30). Among the respondents, four reported an indifferent posture toward personalization (E30), while three indicated that personalization does not affect their decision-making processes (E29). Moreover, seven respondents indicated that they avoid purchasing from insistent brands (E31). Furthermore, five consumers acknowledged the significance of price and quality, considering them as important, or more important than personalization and authenticity (E37).

Code	Frequency	Code	Frequency	Code	Frequency
E1	4	E14	1	E27	7
E2	9	E15	11	E28	1
E3	5	E16	1	E29	3
E4	7	E17	2	E30	4
E5	2	E18	4	E31	7
E6	5	E19	1	E32	1
E7	2	E20	1	E33	1
E8	1	E21	5	E34	2
E9	2	E22	4	E35	1
E10	1	E23	16	E36	3
E11	1	E24	6	E37	5
E12	3	E25	1		
E13	4	E26	2		

Table 3.5 - Absolute Frequency of "Effects of personalization on brand image and relationship" Coded Answers
Source: Own Elaboration

The subsequent category pertains to the question in which interviewees were asked whether they would prefer a reduced and personalized offer or a wide and non-personalized offer (Table 3.6). The responses were grouped into three subgroups.

The first one (F1-F2) indicates that fourteen consumers prefer a comprehensive selection without personalization, while nine of them prefer a more customized yet less extensive offering.

Additionally, the second subgroup (F3-F12) reveals the pros of personalization. Eight respondents indicated that a reduced number of options facilitates the decision-making process, turning it into an easier and quicker process (F3). Meanwhile, five respondents expressed concerns about being overwhelmed by the extensive range of brands available (F6). For instance, interviewee U mentioned "*When there is too much choice, we end up feeling a little paralyzed and blocked*". Additionally, four respondents indicated a preference for personalized offers when they have limited time to make a purchase (F10).

The final subgroup reveals why respondents rather have all the options without personalization (F13-F29). A total of fourteen respondents consider that they are missing out on options when they are not presented with the entirety of the available alternatives (F16). Moreover, five respondents expressed the sentiment that no brand has yet achieved a comprehensive understanding of their preferences, to know what they want (F26). For example, the interviewee P mentioned "*It is impossible to truly know a person, let alone a brand*". Furthermore, five consumers indicated that their preferences change over time and personalization doesn't automatically keep up with them (F25). Additionally, six respondents noted a preference to see all the options (F21-F23), one respondent if it's a physical purchase (F22), and another if they have sufficient time (F23).

Code	Frequency	Code	Frequency
F1	9	F16	14
F2	14	F17	2
F3	8	F18	1
F4	1	F19	1
F5	3	F20	2
F6	5	F21	4
F7	2	F22	1
F8	1	F23	1
F9	3	F24	1
F10	4	F25	5
F11	2	F26	5
F12	1	F27	1
F13	1	F28	1
F14	2	F29	1
F15	2	F30	11

Table 3.6 - Absolute Frequency of "Consumer preference for personalized selections" Coded Answers
Source: Own Elaboration

The next theme is about the impact of excessive personalization, which resulted in diluted answers. However, it was possible to create two subgroups, and some answers still stand out (Table 3.7).

The initial subgroup (G1-G24) encompasses all the consequences of personalization that consumers consider excessively specific, and five of them considered that it makes them feel scared (G15). Moreover, for four of them this evokes feelings of confusion and suspicion (G2). For instance, interviewee F said "*If it's too exclusive, I feel confused and suspicious*". Furthermore, four respondents reported that if the personalization is too specific, they doubt whether it is true (G1), and four respondents indicated that such personalization induced a sense of discomfort (G16). Conversely, six respondents consider they feel good (G7), with five respondents also articulating that they feel special with this highly specific personalization (G6). For example, interviewee N mentioned that "*It makes me feel much more special to have*

this kind of communication". Furthermore, four respondents indicated a propensity to buy the product or service (G8). Additionally, four respondents considered this too specific personalization as a value-added feature (G13).

The second and final subgroup (G25-G32) incorporates sentiments and perspectives regarding excessive personalization. Through the analysis of respondents' answers, a particular response emerges as a predominant viewpoint. Specifically, seven respondents expressed their discontent and frustration with excessive communication from brands that do not align with their interests (G27).

Code	Frequency	Code	Frequency
G1	4	G17	1
G2	4	G18	2
G3	1	G19	1
G4	1	G20	1
G5	1	G21	1
G6	5	G22	1
G7	6	G23	1
G8	4	G24	1
G9	2	G25	1
G10	2	G26	2
G11	0	G27	5
G12	2	G28	1
G13	4	G29	1
G14	1	G30	1
G15	5	G31	2
G16	4	G32	2

Table 3.7 - Absolute Frequency of "Impacts of excessive personalization" Coded Answers
Source: Own Elaboration

The final primary theme explored in this deep interview focused on brand values and the manner in which they communicate and personalize that information (Table 3.8). The responses were categorized into two subgroups. The first addressed consumer reactions when brands align with their own values (H1-H9) and the second group examined consumers responses to brands that exhibit discordance in their values (H10-H18). In the initial subgroup, nine respondents indicated that they identify with brands that share the same values (H2). Additionally, eight respondents indicated that identifying with the brand's values would result in an increase in their purchase of the brand (H1). For instance, interviewee G said that "*I end up being more loyal to the brand, and in the long term I will buy more*". However, four respondents expressed indifference regarding the values of common brands (H7), and one respondent indicated an unwillingness to alter their purchasing habits according to brand values (H8). In the second subgroup (H12-H16), six respondents consider that incoherent brands are no longer a viable purchasing option (H12), and five respondents contend that incoherent brands provoke feelings of betrayal (H16). Furthermore, a total of four respondents expressed the opinion that

incoherent brands are susceptible to losing their credibility (H14). In addition, three respondents consider that incoherent brands with good product quality are not affected, only if they are easily replaced (H15).

Code	Frequency	Code	Frequency
H1	8	H10	1
H2	9	H11	2
H3	1	H12	6
H4	1	H13	2
H5	1	H14	4
H6	1	H15	3
H7	4	H16	5
H8	1	H17	2
H9	2	H18	2

Table 3.8 - Absolute Frequency of "Communicating brand values with personalization" Coded Answers
Source: Own Elaboration

Furthermore, data concerning consumers' habits was collected (Table 3.9). This data included online consumption frequency, types of products, reasons for online consumption, the purchasing journey, and online accounts. These were subsequently divided into subgroups, with each subgroup corresponding to a specific topic.

The initial subgroup (I1-I5), concerning the frequency of online consumption, comprised eleven respondents who confirmed occasional online purchasing (I3) and seven who confirmed frequent online purchasing (I2).

The second subgroup (I6-I14) examined the types of products that respondents purchase online. Eighteen respondents purchase clothes online (I6), ten purchase tickets for diverse activities (I8), nine purchase technological products (I9), and seven purchase streaming services (I7).

The third subgroup (I15-I23) addresses the factors that motivate online consumption. Four respondents mentioned ease of purchase (I15), while four respondents highlighted the absence of physical stores (I18). The fourth subgroup (I24-I32) concerning the purchasing journey revealed that twenty respondents conducted pre-purchase research (I25). Subsequently, sixteen respondents mentioned assessing the need for the product (I26). Eleven respondents referenced price comparison (I29), while nine mentioned that the purchase site is secure (I28). The final subgroup (I33-I37) regards online accounts. Eight respondents indicated that they do not create an account in instances where it is not mandatory (I36). Six respondents have online accounts (I33), and five respondents only have accounts on websites they use regularly (I35).

Code	Frequency	Code	Frequency	Code	Frequency
I1	4	I14	1	I26	16
I2	7	I15	4	I27	4
I3	11	I16	2	I28	9
I4	2	I17	2	I29	11
I5	0	I18	4	I30	5
I6	18	I19	3	I31	9
I7	7	I20	1	I32	2
I8	10	I21	3	I33	6
I9	9	I22	1	I34	4
I10	3	I23	1	I35	5
I11	3	I24	4	I36	8
I12	2	I25	20	I37	2
I13	2				

Table 3.9 - Absolute Frequency of “Consumer habits” Coded Answers
Source: Own Elaboration

4. Discussion

This discussion interprets the main findings of the present study aligned with the existing literature. This study has an exploratory nature, therefore, the discussion does not seek to prove preconceived ideas but rather to evaluate the results obtained qualitatively.

Around half of consumers perceive brand approach as an aspect that is evolving, consistent with Hermann & Puntoni (2024), who state that consumers increasingly feel understood by brands. This study also uncovered a concern on the lack of care and personalization in fast fashion. Furthermore, the majority of consumers feel recognized by brands, and Matz et al. (2017) align with this topic, noting that consumers have never felt so understood by brands. This study adds that consumers find this approach positive, which indicates that they are receptive to personalization.

Moreover, experiences with personalization are mostly positive among participants. However, there is also a smaller group that had a negative experience with personalization, leading to negative feelings. These results complement Adam et al. (2021), who found that consumers feel misunderstood when personalization fails.

The majority of consumers never felt discomfort with personalization, and only a small group indicates that brands provoked those feelings. This discomfort arose from a lack of understanding of how brands gather their personal information, and consumers feel like they are being tracked. In fact, “algorithmic aversion” shows that consumers feel more uncertain about a brand when they don’t know the process behind how algorithms work (Cadario et al., 2021). However, this study adds that when situations like this happen, respondents tend to blame it on social media, and not on brands, meaning that the brand relationship is not directly affected.

Furthermore, Kinfsmith (2024) highlighted that AI-personalization understands the consumer and enhances the consumer experience. In this study, respondents interpret personalization as a tool that enhances the brand as well as the consumer-brand relationship. Additionally, according to the study conducted by Zhang & Patrick (2014), authenticity is highly valued by consumers, and in this study, consumers indicated that personalization increases authenticity, which indicates that personalization is highly valued.

Regarding product assortment, respondents demonstrated a preference for having all the offers available, even if they have personalization and recognize that it simplifies the decision-making process. Which is in line with Iyengar and Lepper (2001) who stated that multiple choices are more appealing to consumers. In this study, the most agreeable option among

respondents relied on having personalization as a first approach, but never lose access to other things due to their data.

Furthermore, based on hypothetical situations, respondents demonstrated their reaction to excessive personalization. The majority opted to doubt whether it is safe and felt scared and uncomfortable. Additionally, when brands excessively personalize and communicate a specific feature that does not make sense to the consumers, it causes frustration. However, several consumers highlighted positive feelings, as respondents demonstrated an increase in their willingness to buy. This indicates that despite some reluctance, several consumers already accept high levels of personalization.

Additionally, respondents showed a preference for brands that have the same values as them, and tend to buy more from those brands. As indicated by Luan and Phan (2024) products should align with target values. However, if brands try to personalize and end up not having a real focus on their values, consumers will feel betrayed and will no longer purchase from that brand or rapidly change to another brand.

4.1. Personalization or Invasion of Privacy?

The findings of this research indicate that the majority of the respondents already felt recognized by brands and several consumers acknowledge that brands have been adapting to their preferences over the years. This finding is consistent with the study conducted by Hermann & Puntoni (2024), which suggests that consumers have never felt as understood by brands as they do nowadays. The concept of "AI classification experience", defined by Puntoni et al., (2021), also contributes to this case. This research adds that the majority of these recommendations are perceived as outputs from search engines and direct engagement with brands. This finding suggests that consumers have a comprehension of the origins of personalization. Previous research (Berger et al., 2021; Clegg et al., 2023; Mahmud et al., 2024) has demonstrated that in situations where consumers perceive underlying mechanisms of personalization, their level of comfort increases. This present research adds that consumers classify personalization mostly as positive and useful.

Aligned with the study conducted by Ansari and Mela (2003), consumers reported that personalization increased purchasing intentions, and in this present research, several respondents added that they had already bought due to this tool.

Additionally, the majority of respondents reported experiencing more positive personalization than negative. However, the interviewees highlighted the fact that personalization is positive only if it respects their privacy. Overall, some respondents expressed

discomfort and privacy invasion with personalization, meaning that there is still some reluctance on the part of the consumer to accept it. This is in line with Kokolakis (2017), who states that collecting data raises some privacy concerns.

Personalization increases the feeling of lack of privacy, since several respondents don't comprehend how brands know so much about them, perceiving this phenomenon as being tracked. This aligns with several researchers, who defend that the uncertainty about how algorithms work generates discomfort (Berger et al., 2021; Clegg et al., 2023; Mahmud et al., 2024).

Furthermore, some respondents mentioned that the invasion of privacy may be acceptable if the trade-off is worth it. This aligns with the privacy paradox, which affirms that the more conscious the consumers are the less receptive they are to receiving personalization (Vimalkumar et al., 2021).

However, as seen in the points mentioned above, discomfort exists and varies among different people. With the study conducted by Dietvorst et al. (2015), it is possible to conclude that it depends on the algorithmic aversion a person has.

Personalization
A5. Consumers consider that, over time, they have become more used to personalization A6. Consumers consider that brands have adapted to their tastes B1. The consumer considers that they have already felt known by at least one brand B5. The consumer considers it positive when the brand adapts to their tastes B7. The consumer considers that they are used to brands showing recommendations based on the search engine B10. Consumers feel that as they have more contact with a brand, they have a more personalized experience B12. The consumer considers that brands are able to predict what they will want before they know it themselves C1. The consumer states that they have had at least one positive experience with personalization C3. The consumer states that they have had at least one negative experience with personalization C5. The consumer states that they have already bought due to the personalization C9. The consumer considers personalization to be useful D39. The consumer considers personalization to be positive if it respects their privacy E12. The consumer considers that it is more normal to receive personalization from brands with which they already have a relationship E13. The consumer values personalization E27. The consumer considers that personalization increases consumption F9. The consumer relies on personalization by brands
Invasion of privacy
D1. The consumer states that they have already felt uncomfortable with excessive personalization D3. The consumer states that some brands have already gone too far with personalization

D5. The consumer states that at least one brand has already invaded their privacy D8. The consumer considers that personalization makes them uncomfortable D11. The consumer considers that brands know everything about them and are being tracked D13. The consumer states that they don't know how the brands know so much and are uncomfortable D14. The consumer considers the lack of privacy frightening D17. The consumer considers it negative when brand communication is based on their conversations D38. The consumer considers that the invasion of privacy is acceptable if the trade-off is worth it G16. The consumer considers that if personalization is too specific, they feel uncomfortable

Table 4.1 - Coded themes: Personalization and Invasion of Privacy
Source: Own Elaboration

4.2. Possibility of choice or control?

In this study, the majority of respondents seemed to prefer having all offers available rather than a narrowed and personalized offer. The study aligns with the findings of Iyengar and Lepper (2001), where consumers felt more attracted to a booth with a wider offer, which suggests that a wide offer may initially attract consumers, though not necessarily convert into a purchase. Additionally, according to the theory of Schwartz et al. (2002), the decision-making process can depend on whether consumers have a maximization or a satisficing tendency. The feedback from the respondents in this study indicates that this sample has a majority of consumers with a maximization tendency, hence most responses indicating a preference for seeing all offers available instead of a personalized one.

Nevertheless, some respondents prefer personalization to avoid getting overwhelmed and paralyzed by brands' offers. This aligns with Polman & Vohs (2016), who link the overwhelming choice with decision fatigue. Consumers value this tool because it facilitates and speeds up the decision-making process, especially under time pressure.

Overall, personalization increases purchase intention, as stated by Ansari & Mela (2003), and in this study, consumers also stated that personalization influences their decisions and that it has prompted actual purchases.

Although Kim et al. (2023) and Pignatiello et al. (2020), defend that a personalized yet wider offer can lead to a positive outcome, respondents in this study indicated that they do not feel comfortable with receiving only personalized offers, due to the fact that they also mentioned they do not rely on personalization to fully know them. Overall, consumers enjoy having all options available to them and expressed a feeling of fear of missing out on options if that does not happen. Subsequently, many respondents state that the perfect solution would be to have the suggestions first and then the rest of the offers. This suggests that while individuals

enjoy personalization, they also value maintaining the versatility of their options and their freedom of choice, indicating that a brand should display all the offers available to consumers, as well as showing personalization options first. This phenomenon also suggests that there is a subconscious resistance among users to embrace the bubble effect, as defined by Gong, et al. (2024).

Possibility of choice
C9. The consumer considers personalization to be useful C10. The consumer considers that personalization makes the purchasing process faster C11. The consumer considers that personalization makes the buying process easier F1. The consumer prefers a smaller but more personalized offer F3. The consumer considers that fewer options make the choice easier and quicker F5. The consumer considers that they don't have time to go through all the brand's offer F6. The consumer considers that they get overwhelmed and paralyzed by all the brands on offer F10. The consumer prefers to have a personalized offer when they have little time to make a purchase F30. The consumer confirms that recommendations should appear at the beginning, followed by all the other options
Control
C6. The consumer states that personalization influences their purchasing decision F2. The consumer prefers to have the whole offer available without personalization F16. The consumer considers that they are missing out on options if they don't have access to all the available options F21. The consumer likes to see all the options F25. The consumer considers that their tastes change over time and personalization doesn't automatically keep up with them F26. The consumer considers that no brand knows them well enough to know what they want

Table 4.2 - Coded themes: Possibility of Choices and Control
Source: Own Elaboration

4.3. Authenticity or Fake?

In this study, the majority of respondents considered personalization to enhance authenticity, which indicates that most consumers perceive personalization as a way of being authentic. This contradicts Jago (2019), where personalization, based on algorithms, is seen by consumers as lacking authenticity. These findings highlight that the perception of personalization can depend on diverse factors, and consumers in this present study may have interpreted personalization as a more caring gesture from the brand rather than an algorithmic strategy. Nevertheless, consumers demonstrated to value authenticity and consistency over personalization, suggesting that these concepts are still the most appreciated ones. Additionally, consumers still indicated a preference to value price and quality when balancing all the factors. This demonstrates that

consumer choices are based on several factors, including social and economic, as stated by Lehman et al. (2019).

Conversely, in this study, consumers who considered personalization as lacking authenticity also suggest that brands use personalization only for profit reasons. This aligns with Castelo et al. (2023), who demonstrated that consumers react negatively when they perceive only corporate goals from the brand, highlighting the importance of combining personalization with brand authenticity.

When personalization reaches an extremely accurate level, consumers demonstrated doubt whether they should trust the brand and indicated feeling confused and suspicious, which can hurt brand authenticity as consumer trust is a key factor for brands to be considered authentic, as stated by Sun et al. (2024). This indicates that for a brand to transmit authenticity should balance personalization with genuine content.

Authenticity
E15. The consumer considers that personalization increases authenticity E18. The consumer considers that there should be a balance between authenticity and personalization E21. The consumer considers that personalization reduces authenticity E22. The consumer considers that personalization does not influence authenticity E23. The consumer considers that authenticity and consistency are more important than personalization E24. The consumer considers that personalization is more important than authenticity E37. The consumer considers price and quality to be as important or more important than personalization and authenticity
Fake
B8. The consumer considers that the brand uses personalization to have more consumption H12. The consumer considers that incoherent brands are no longer a purchasing option G1. The consumer considers that if the personalization is too specific they doubt whether it is true G2. The consumer considers that if the personalization is too specific they feel confused and suspicious

Table 4.3 - Coded themes: Authenticity and Fake
Source: Own Elaboration

4.4. Impact on the consumer's relationship with the brand

This study demonstrated that personalization can have contradictory impacts on the consumer-brand relationship. On one hand, there is a significant group that connects personalization to positive feelings and closeness to the brand. On the other hand, when personalization fails or is too specific, it can provoke negative reactions, which affect the consumer's experience and their relationship with the brand. For instance, as Gruber and Schlegelmilch (2014) stated, algorithmic classification errors may affect consumers' feelings, and they may activate defense mechanisms against the brand, which can be a factor for this dual effect.

In this study, several consumers who previously experienced failed personalization choose to ignore that communication, which indicates a certain tolerance from them toward brands. However, several researchers' studies (Ahn et al., 2022; Davenport et al., 2020) state that, although it is irrelevant, this content harms consumers' experience and may lead to negative feelings, which demonstrates that, although consumers may not even directly notice, accuracy and precision are crucial factors in brand communication with consumers.

Furthermore, several respondents indicated that they may consider personalization annoying when it is in the wrong context, for example, if the personalization continues after the purchase. This situation indicates that not only does the quality of personalization matter, but also the moment and the way they communicate, reinforcing the need for balance.

From the positive side, consumers perceive personalization as a tool that improves the brand and enhances their experience. This aligns with research that states that recommendations aligned with consumer preferences are a positive factor in relation to personalization (Aslam, 2023; Kim et al., 2021). The present study adds that it is seen as a form of expressing brand care for their consumers, and it strengthens the relationship, making consumers feel special.

Lastly, consumers highlighted the importance of value alignment for their relationship with brands, as respondents affirmed that to increase their purchases of the brand that they identify with the most. This aligns with Luan and Phan (2024), who stated that when brands align with consumers' values, it enhances the relationship between them, which indicates that Cause Related Marketing, aligned with personalization, leverages the consumer-brand relationship. However, some respondents consider themselves to be indifferent to brands' values, which means that depending on the type of consumer target, brands may need to adopt a clear value-based communication to maintain their consumers' loyalty.

Contrary to the Creepiness scale by Watson and Nation, this study indicates that the alignment between the use of personal data and algorithms and the level of creepiness is not always linear, and it can depend on diverse factors, such as the algorithmic aversion each individual has (Dietvorst et al., 2015).

Impact on the consumer's relationship with the brand
C1. The consumer states that they have had at least one positive experience with personalization
C2. The consumer states that they have never had positive experiences with personalization
C3. The consumer states that they have had at least one negative experience with personalization
C4. The consumer states that they have never had negative experiences with personalization
C22. The consumer considers that they have already received failed personalization
C25. The consumer considers that if personalization fails, they ignore
C29. The consumer considers brand communication to be annoying

C30. The consumer considers that after making the purchase, personalizing the item becomes annoying
E1. The consumer considers that personalization reflects the brand's concern for them
E2. The consumer considers that personalization enhances the consumer experience
E3. The consumer considers that personalization enhances the brand
E4. The consumer considers that personalization enhances the relationship with the brand
E6. The consumer considers that personalization makes them feel special
G7. The consumer considers that if the personalization is too specific they feel good
G6. The consumer considers that if the personalization is too specific they feel special
G8. The consumer considers that if the personalization is too specific they buy
G13. The consumer considers that if personalization is too specific it adds value to the brand
G15. The consumer considers that if personalization is too specific they feel scared
G16. The consumer considers that if personalization is too specific they feel uncomfortable
H1. The consumer considers that if they identify with the brand's values, they will increase their purchases of the brand
H2. The consumer considers that they identify with brands that share the same values
H7. The consumer considers that they are indifferent to the values of common brands

Table 4.4 - Coded themes: Impact on the consumer's relationship with the brand
Source: Own Elaboration

4.5. Limits of personalization

Although personalization is seen as a useful and valued tool for consumers, this analysis demonstrates that there are limits that, when exceeded, can influence not only the experience but also the perception of the brand.

Several respondents highlight repetitive and excessive communication as frustrating and annoying factors. This feeling can lead to the rejection of the brand, as seen by the respondents who affirm to avoid buying from overly insistent brands. This aligns with the avoidance-annoyance paradox (Brinson et al., 2018; Gironda & Korgaonkar, 2018), which highlights that, especially Gen Z, distance themselves from brands with annoying communication. Additionally, these findings suggest that for the personalization to be effective, it does not depend only on the relevance of the content but also on the frequency and the intensity with which the brand communicates.

Furthermore, the personalization source is also an important factor because when consumers see personalization based on their private conversations, they feel invaded, and it creates discomfort. Nevertheless, several respondents accept some invasion of privacy when the trade-off is worth it, as stated in the privacy–benefit paradox (Cloarec et al., 2022). However, this present study indicates that there is a clear perception that there are ethical limits to the use of personal consumer data.

Lastly, this study indicates that coherence in brand is essential to make personalization work as a tool to reinforce the relationship. Respondents consider that incoherent brands are no

longer a buying option, they lose trust and create betrayal feelings. However, there are respondents affirming that the quality of the product can balance those feelings, which indicates that the perceived offer value influences the choice.

Limits of personalization
C31. The consumer considers that repetitive communication causes frustration and irritation
D17. The consumer considers it negative when brand communication is based on their conversations
D38. The consumer considers that the invasion of privacy is acceptable if the trade-off is worth it
E12. The consumer considers that it is more normal to receive personalization from brands with which they already have a relationship
E31. The consumer considers that they avoid buying from insistent brands
G27. The consumer considers that excessive communication from brands that don't interest them is frustrating
H12. The consumer considers that incoherent brands are no longer a purchasing option
H14. The consumer considers that incoherent brands lose their trust
H15. The consumer considers that incoherent brands with good product quality are not affected, only if they are replaced
H16. The consumer considers that incoherent brands make them feel betrayed

Table 4.5 - Coded themes: Limits of personalization
Source: Own Elaboration

Conclusion

Theoretical contributions

The findings of this study contribute to the theoretical understanding of consumer brand perception on AI-driven personalization, particularly within Gen Z. There are several points to focus on, which, together, provide a comprehensive understanding of the topic and suggest the current limits of personalization.

This study extends prior understanding by showing that personalization is perceived as useful, enhancing the consumer-brand relationship, particularly when aligned with brand values. This complements several authors who studied personalization and consumer-brand relationships (e.g., Kinfsmith, 2024; Matz et al., 2017), highlighting that consumers are receptive to personalization and consider it a positive tool. In fact, Gen Z already expects this level of personalization from brands (Ahora et al., 2021). The present study adds that consumers associate personalization as a signal of care. For instance, when a brand fails to deliver personalized content, consumers often perceive it as a lack of care. This negative perception can hurt consumers, and according to this study, it is a current problem in the fast fashion industry.

Additionally, the present research identified that consumers perceive personalization as a sign of authenticity, contrary to the study conducted by Jago (2019), who argues that personalization based on algorithms is perceived by consumers as lacking authenticity. However, when personalization becomes overly intrusive, consumers no longer perceive it as an authentic act by the brand. This causes the brand to lose genuineness, which hurts its authenticity perception. In other words, this study states that personalization influences authenticity, and it can increase it when it is done correctly, but can also decrease it when it fails.

Furthermore, this study highlights an unexplored duality in several topics related to personalization, leading, on the one hand, to consumers acknowledging that it can increase the relationship between them and brands, further increasing their purchase intentions, and on the other hand, it can also trigger negative feelings, such as discomfort and frustration.

These findings complement several theories about the privacy-benefit paradox, avoidance-annoyance paradox, and algorithmic aversion (Brinson et al., 2018; Cloarec et al., 2022; Dietvorst et al., 2015; Gironda & Korgaonkar, 2018). If personalization creates a feeling of privacy invasion, consumers distance themselves from brands. However, this study adds that when applicable, the first platform they connect to the invasion of privacy is social media rather

than any particular brand, unless the brand in question becomes overly intrusive. Content relevance and timing should also be considered, as excessive frequency or the wrong timing can hurt the brand.

However, it also depends on how people perceive personalization, since different people have different levels of aversion to algorithms and react differently. This study demonstrates an increasing level of acceptance of personalization, especially when the trade-off between personalization and personal data is worth it.

This research also demonstrates the importance of balancing personalization with consumer autonomy and choice. Although consumers accept personalization, they are still not fully confident that it knows them completely. This is also related to the fact that people like having a wide range of options and enjoy the research process, as Iyengar and Lepper (2001) found. Additionally, this study allows to extended this finding to an AI-driven context. Rather than narrow consumers' options, personalization should prioritize and order content tailored to each individual while still offering options out of their identified preferences, maintaining versatility.

Overall, this study suggests that a successful consumer-brand relationship requires balance among all the identified variables: consumer privacy, brand authenticity, and consumer autonomy.

Managerial implications

The current dissertation provides valuable and practical guidance for managers and marketers who seek to use Artificial Intelligence in a balanced manner and build a strong relationship with consumers. Customers use online platforms as a space to express themselves, therefore, the more adapted a brand communication is for them, the more likely they are to engage with the content and build a relationship with the brand.

While consumers consider personalization positive and valuable, they establish boundaries, particularly regarding their privacy, their freedom of choice, and their perception of brand authenticity.

Although AI-driven personalization is transforming the industry, brands should not forget their authenticity and the core message they aim to share with consumers. Personalization should be perceived as a sign of care rather than a tool for the brand to achieve its corporate goals. This is particularly important with Gen Z, who can distance themselves from brands at the slightest dissatisfaction.

Findings suggest that the right balance for brands lies in combining personalization with authentic content, while not losing sight of traditional factors in consumer choice. Price and

quality remain central decision-making factors, meaning that personalization is not a substitute, but rather a complement for maintaining consumer-brand relationships.

This study demonstrates that consumers feel frustrated when brands communicate products which are irrelevant or out of context. This communication might be perceived as intrusive and annoying, further affecting the brand perception negatively. These findings suggest that brands should be aware of timing and relevance when communicating with consumers.

As discussed earlier, consumers value their autonomy in decision-making, and brands should respect it. Therefore, instead of restricting availability of options, brands should use personalization to prioritize the more tailored recommendations first, based on the available data for each consumer, while still ensuring that consumers keep full access to all possible options of products.

The present study suggests that brands should always strive to be as transparent as possible regarding the processes they use, which enhances consumers' trust. Furthermore, brands should recognize that consumers can exhibit different types of privacy needs and aversion to algorithms. Personalization should therefore be gradually increased as consumers accept it, adapting to each consumer’s comfort level.

Limitations

All studies come with limitations. For this study, the sample was exclusively composed of Gen Z individuals, which provided a perspective of this single generation, valuable for brands that intend to target this age group. However, it is still a considerable limitation. Additionally, this generation has limited experiences as consumers given their early stage of adulthood.

Moreover, the sample is also restricted to Portuguese people who currently live in Portugal, and are situated in this cultural environment. Hence, findings are mostly relevant for brands with an active presence in the Portuguese market or which intend to enter this market in the future.

Furthermore, the research conducted explored general consumer perceptions and therefore it was not focused on a specific industry. Although this choice was made consciously to provide a wider overview, for some specific industries it may limit the applicability.

Although the interviews were conducted until the saturation point, where no new information emerged, the limited sample size of twenty-six interviews should be acknowledged as a limitation.

The interviews were conducted via Zoom, which facilitated the scheduling process. However, online platforms have the limitation of increased environmental distractions.

Lastly, Artificial Intelligence is in constant development and its applicability in marketing is evolving at a fast pace. Therefore, it is crucial to consider that this study was conducted during the year of 2025 and consumer perspectives and AI applications might rapidly change, which limits the temporal validity of this study.

Future Research

Regarding the previous chapter on study limitations, several recommendations emerged. First of all, researchers may replicate the study with different generations, allowing comparisons of outcomes within different age groups, leading to analyze similarities, as well as differences.

Furthermore, researchers can also apply this study across different cultural contexts to achieve insights into how social and cultural factors shape consumers' perception regarding AI personalization. Future research could also focus on a specific industry to obtain a more detailed insight into that specific context.

Moreover, longitudinal studies, with the same sample over a period of one year or more, could highlight accurate changes in perceptions, useful to discuss the evolution that is happening.

Finally, during this study was mentioned that given excessive personalization, the consumer-brand relationship may be negatively affected. Further research could investigate how brands can recover and repair relationships after a consumer stops engaging.

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Appendix

Appendix A - Interview Guide

1st part - Understand the consumer and their relationship with brands

1. How is your relationship with the online consumption world? Do you buy often? Do you subscribe to some specific brands?
2. How is your purchase journey? Think about the last thing you bought.
3. Think about some brands that you have a long-term relationship with. Do you feel that the brand approach to you has been different over the years?

2nd part - Understand the impact and the experiences consumers had with the personalization

1. Have you ever felt "known" by some brand due to a high level of personalization (with AI)? How was the experience?
2. Do you remember any episode where you felt like the AI personalization helped you in a purchase and improved your experience? What happened?
3. And a negative experience? What happened?
4. In your opinion, does AI personalization make the brand more authentic or does it dilute its values?
5. Has excessive AI personalization ever made you feel uncomfortable or invasive? Do you ever feel like AI personalization crosses the privacy line? How did that impact your relationship with the brand?

3rd part - Understand the limits and the impact on the relationship with the brand

1. Have you ever felt that a brand went too far in the AI personalization and was incoherent?
2. Imagine that a brand has a portfolio of 100 products. Would you rather see all 100 products or that the brand only shows you 2 options that it believes are the best 2 options specifically for you? // When a brand reduces the options available through personalization, do you feel like you're losing something or that it makes your decision easier?
3. As a consumer, what do you value the most: personalization or authenticity and consistency? Can you give an example?
4. How do you feel when a brand shows that it supports the same values as you? // Now, imagine discovering that the brand isn't genuinely committed to those values but only promotes them to appeal to you. How would that affect your feelings and trust in the brand? Would it change your relationship with the brand?

5. Imagine that you want a specific product and there's a brand that starts to communicate with you with the perfect offer of everything you need, how do you feel? // Now imagine that you discover that this offer is only available to you? How do you feel, and how does it affect your relationship with the brand?

Appendix B - Interview Coding

A. Perception of the evolution of the brands' approach	
A1. The brands' approach has changed over the years	13
A2. The brands' approach hasn't changed over the years	13
A3. Consumers consider that social media has increased the personalization of brands	1
A4. Consumers consider websites to be increasingly personalized	2
A5. Consumers consider that, over time, they have become more used to personalization	4
A6. Consumers consider that brands have adapted to their tastes	6
A7. In particular, consumers don't feel that fast fashion is concerned about personalization	7

Source: Own Elaboration

B. Perception of being known by the brand	
B1. The consumer considers that they have already felt known by at least one brand	22
B2. The consumer considers that they have never felt known by a brand	4
B3. The consumer considers that making good recommendations and knowing people are different concepts	1
B4. The consumer considers that the brand must know the user	2
B5. The consumer considers it positive when the brand adapts to their tastes	4
B6. The consumer considers that they are indifferent to personalization	3
B7. The consumer considers that they are used to brands showing recommendations based on the search engine	8
B8. The consumer considers that the brand uses personalization to have more consumption	5
B9. The consumer affirms that personalization should be based on the search engine	1
B10. Consumers feel that as they have more contact with a brand, they have a more personalized experience	6
B11. The consumer considers that they are surprised when a brand they have never been in contact with knows what to show	1
B12. The consumer considers that brands are able to predict what they will want before they know it themselves	3
B13. The consumer considers that sometimes they want to see things that are different from their algorithm	1

Source: Own Elaboration

C. Experiences with personalization and outcomes	
C1. The consumer states that they have had at least one positive experience with personalization	17
C2. The consumer states that they have never had positive experiences with personalization	6
C3. The consumer states that they have had at least one negative experience with personalization	9
C4. The consumer states that they have never had negative experiences with personalization	13
C5. The consumer states that they have already bought due to the personalization	7
C6. The consumer states that personalization influences their purchasing decision	3
C7. The consumer states that the offer of exclusive products increases the number of purchases from the brand	2
C8. The consumer considers that they are not influenced by personalization	1
C9. The consumer considers personalization to be useful	16
C10. The consumer considers that personalization makes the purchasing process faster	6
C11. The consumer considers that personalization makes the buying process easier	4
C12. The consumer considers personalization to be valuable	3
C13. The consumer considers that personalization helps when purchasing gifts	2
C14. The consumer considers that personalization doesn’t help when purchasing gifts	1
C15. The consumer considers that chatbots help guide the customer	1
C16. The consumer considers chatbots to be unhelpful	2
C17. The consumer considers it important to be able to monitor the status of their orders	1
C18. The consumer considers personalization within websites to be the best type of personalization	3
C19. The consumer considers personalization in streaming services to be amazing	3
C20. The consumer considers that personalization in the streaming service greatly reduces their choices	1
C21. The consumer states that they use different accounts to get access to different types of products on the same platform, when it comes to streaming	1
C22. The consumer considers that they have already received failed personalization	6
C23. The consumer considers that if personalization fails, they become sad and disappointed with the brand	1
C24. The consumer considers that if personalization fails, they lose the desire to buy	1
C25. The consumer considers that if personalization fails, they ignore	4
C26. The consumer considers that if personalization fails, they assume it is a general communication	1
C27. The consumer considers that if the number of products that succeed in personalization is higher, it doesn't bother them	1

C28. The consumer considers that after a search they are inundated with advertisements about the item	1
C29. The consumer considers brand communication to be annoying	4
C30. The consumer considers that after making the purchase, personalizing the item becomes annoying	4
C31. The consumer considers that repetitive communication causes frustration and irritation	3
C32. The consumer considers that repetitive communication makes the brand or product stick in the mind	2
C33. The consumer considers communication on social media to be tiring and doesn't like it	2
C34. The consumer considers that ads can be too many and get annoying	1
C35. The consumer considers that never before has a brand been incoherent with its personalization	1

Source: Own Elaboration

D. Discomfort, invasion of privacy and outcomes	
D1. The consumer states that have already felt uncomfortable with excessive personalization	8
D2. The consumer states that never felt uncomfortable with excessive personalization	10
D3. The consumer states that some brands have already gone too far with personalization	4
D4. The consumer states that no brand has ever gone too far with personalization	10
D5. The consumer states that at least one brand has already invaded their privacy	4
D6. The consumer states that no brand has ever invaded their privacy	2
D7. The consumer considers that when personalization is too good, it becomes uncomfortable	2
D8. The consumer considers that personalization makes them uncomfortable	3
D9. The consumer considers personalization to be weird, but it doesn't scare them	2
D10. The consumer considers that personalization can be scary and useful at the same time	1
D11. The consumer considers that brands know everything about them and are being tracked	5
D12. The consumer considers what brands know about themselves to be frightening	4
D13. The consumer states that they don't know how the brands know so much and are uncomfortable	8
D14. The consumer considers the lack of privacy frightening	5
D15. The consumer considers that brands shouldn't communicate via social media and feels uncomfortable	2
D16. The consumer considers it negative when brands' communication is based on their search engine	2
D17. The consumer considers it negative when brand communication is based on their conversations	4

D18. The consumer considers it strange but useful when brand communication is based on their conversations	2
D19. The consumer considers it uncomfortable when there is too much communication about a certain product	1
D20. Consumers find chatbots uncomfortable	1
D21. The consumer states that they don’t like to receive notifications, even personalized ones	1
D22. The consumer considers that they always feel uncomfortable with promotional emails	1
D23. The consumer considers that when the brand knows too much about them, it can harm future customers	1
D24. The consumer considers that whenever the communication of a product is insistent, it is the retailer's fault	1
D25. The consumer considers that whenever the communication of a product is insistent, it is the social media’s fault	10
D26. The consumer considers that whenever the communication of a product is insistent, it is the brand’s fault	1
D27. The consumer considers that whenever the communication of a product is insistent, it is the smartphone’s fault	3
D28. The consumer considers that if the brand invades their privacy, they just ignore it	1
D29. The consumer considers that if the brand invades their privacy it interferes with their purchase	1
D30. The consumer considers that if the brand invades their privacy, it won't interfere with their purchase	1
D31. The consumer considers that if the brand invades their privacy it doesn't affect the relationship with the brand	2
D32. The consumer considers that if the brand invades their privacy they will stop consuming	1
D33. The consumer considers that if the brand invades their privacy, they will replace it if it's something easy to do	1
D34. The consumer considers that if the brand invades their privacy they will stop buying online from the brand	2
D35. The consumer considers that if they feel uncomfortable, they distance themselves from the brand	1
D36. The consumer considers that even if they feel uncomfortable, they won't stop buying	1
D37. The consumer considers it easier to accept personalization from brands with whom they already have a relationship	1
D38. The consumer considers that the invasion of privacy is acceptable if the trade-off is worth it	3
D39. The consumer considers personalization to be positive if it respects their privacy	3
D40. The consumer considers that brands have a great responsibility to protect data	1
D41. The consumer considers that when brands are under attack, their data is also under attack	2
D42. The consumer considers that there are laws protecting their data	2

D43. The consumer considers that if the brand invades their privacy, they feel annoyed	1

Source: Own Elaboration

E. Effects of personalization on brand image and relationship	
E1. The consumer considers that personalization reflects the brand's concern for them	4
E2. The consumer considers that personalization enhances the consumer experience	9
E3. The consumer considers that personalization enhances the brand	5
E4. The consumer considers that personalization enhances the relationship with the brand	7
E5. The consumer considers that personalization makes them happy	2
E6. The consumer considers that personalization makes them feel special	5
E7. The consumer considers that they like to feel wanted by brands	2
E8. The consumer considers that personalization validates their preferences	1
E9. The consumer considers that a brand with a physical presence brings more trust	2
E10. The consumer considers that personalization increases the willingness to return to the brand's website	1
E11. The consumer considers that personalization makes the brand more real	1
E12. The consumer considers that it is more normal to receive personalization from brands with which they already have a relationship	3
E13. The consumer values personalization	4
E14. The consumer values the relationship they have with the brand	1
E15. The consumer considers that personalization increases authenticity	11
E16. The consumer considers that authenticity increases trust in the brand	1
E17. The consumer considers that authenticity increases purchases from the brand	2
E18. The consumer considers that there should be a balance between authenticity and personalization	4
E19. The consumer considers that the balance between authenticity and personalization depends on the brand's positioning	1
E20. Consumers believe that a brand can be authentic if it is personalized in a human way	1
E21. The consumer considers that personalization reduces authenticity	5
E22. The consumer considers that personalization does not influence authenticity	4
E23. The consumer considers that authenticity and consistency are more important than personalization	16
E24. The consumer considers that personalization is more important than authenticity	6
E25. The consumer considers that because they work in the area, they can't see brands with authenticity	1
E26. The consumer considers that fast fashion does not provide authenticity or personalization	2
E27. The consumer considers that personalization increases consumption	7
E28. The consumer considers that personalization does not increase consumption	1

E29. The consumer considers that personalization does not affect their decisions	3
E30. The consumer considers that personalization is indifferent to them	4
E31. The consumer considers that they avoid buying from insistent brands	7
E32. The consumer considers that when personalization fails, they give up on the purchase	1
E33. The consumer considers that when personalization fails, they become disillusioned with the brand	1
E34. The consumer considers that if they don't like the personalization, it's easier to replace the brand	2
E35. The consumer values personalization more in brands with a wider offer	1
E36. The consumer considers that personalization has both positive and negative points	3
E37. The consumer considers price and quality to be as important or more important than personalization and authenticity	5

Source: Own Elaboration

F. Consumer preference for personalized selections	
F1. The consumer prefers a smaller but more personalized offer	9
F2. The consumer prefers to have the whole offer available without personalization	14
F3. The consumer considers that fewer options make the choice easier and quicker	8
F4. The consumer considers that they don't have the patience to go through the brand's entire offer	1
F5. The consumer considers that they don't have time to go through all the brand's offer	3
F6. The consumer considers that they get overwhelmed and paralyzed by all the brands on offer	5
F7. The consumer considers that the wider the offer, the more advantageous personalization is	2
F8. The consumer states that streaming services make them more likely to give up before consuming the service	1
F9. The consumer relies on personalization by brands	3
F10. The consumer prefers to have a personalized offer when they have little time to make a purchase	4
F11. The consumer considers that it makes sense to have personalization in brands where they already have a relationship	2
F12. The consumer considers that they don't have the patience to spend a lot of time on websites	1
F13. The consumer feels frustrated if they don't have access to all the available options	1
F14. The consumer feels limited if they don't have access to all the available options	2
F15. The consumer considers that personalization limits their options	2
F16. The consumer considers that they are missing out on options if they don't have access to all the available options	14
F17. The consumer considers that even if they always choose the same thing they like to see the options available	2
F18. The consumer considers that the brand cannot hide options	1

F19. The consumer doesn't like the brand to make decisions for them	1
F20. The consumer considers that they like to see things that are different from their tastes	2
F21. The consumer likes to see all the options	4
F22. The consumer likes to see all the options, if it's a physical purchase	1
F23. The consumer likes to see all the options, if they have time	1
F24. The consumer considers that it only makes sense to personalize if the brand knows them well	1
F25. The consumer considers that their tastes change over time and personalization doesn't automatically keep up with them	5
F26. The consumer considers that no brand knows them well enough to know what they want	5
F27. The consumer considers that they are always suspicious of brands being able to predict what they want when they don't even know themselves	1
F28. The consumer trusts their abilities more than the brand's abilities	1
F29. The consumer considers that they may have different needs in different contexts and brands are unable to make this distinction	1
F30. The consumer confirms that recommendations should appear at the beginning, followed by all the other options	11

Source: Own Elaboration

G. Impacts of excessive personalization	
G1. The consumer considers that if the personalization is too specific they doubt whether it is true	4
G2. The consumer considers that if the personalization is too specific they feel confused and suspicious	4
G3. The consumer considers that if the personalization is too specific they no longer trust it	1
G4. The consumer considers that if the personalization is too specific they immediately click for more information	1
G5. The consumer considers that if the personalization is too specific they don't even click to see more	1
G6. The consumer considers that if the personalization is too specific they feel special	5
G7. The consumer considers that if the personalization is too specific they feel good	6
G8. The consumer considers that if the personalization is too specific they buy	4
G9. The consumer considers that if the personalization is too specific it increases the need to buy	2
G10. The consumer considers that if the customization is too specific they will buy it if the price is good	2
G11. The consumer considers that if the personalization is too specific they won't buy it	0
G12. The consumer considers that if the customization is too specific it doesn't scare them	1
G13. The consumer considers that if personalization is too specific it adds value to the brand	4
G14. The consumer considers that if personalization is too specific they prefer not to have personalization	1

G15. The consumer considers that if personalization is too specific they feel scared	5
G16. The consumer considers that if personalization is too specific they feel uncomfortable	4
G17. The consumer considers that if personalization is too specific they avoid the brand	1
G18. The consumer considers that if personalization is too specific the brand loses personality	2
G19. The consumer considers that if personalization is too specific it is negative for the brand's image	1
G20. The consumer considers that personalization has to be done within the limits of the brand's image	1
G21. The consumer considers that if personalization is too specific it negatively affects the relationship with the brand	1
G22. The consumer considers that if personalization is very specific it does not negatively affect the relationship with the brand	1
G23. The consumer considers that if personalization is very specific it does not negatively affect the relationship with the brand if the relation is already strong	1
G24. The consumer considers that if personalization is too specific with data taken from personal messages it is too much	1
G25. The consumer considers that they would prefer not to have any kind of communication from brands	1
G26. The consumer considers that there are brands where it doesn't make sense to personalize	2
G27. The consumer considers that excessive communication from brands that don't interest them is frustrating	5
G28. The consumer always checks all the information before making a purchase	1
G29. The consumer considers that if personalization is excessive and it's something useful, it's incredible but at the same time it's strange	1
G30. The consumer considers that if personalization is very specific there are good and bad things about it	1
G31. The consumer considers that they will always do research to find out if they are making the best choice	2
G32. The consumer considers that if the brand isn't authentic they won't like it	1

Source: Own Elaboration

H. Communicating brand values with personalization	
H1. The consumer considers that if they identify with the brand's values, they will increase their purchases of the brand	8
H2. The consumer considers that they identify with brands that share the same values	9
H3. The consumer considers that if the brand supports the same values as they do, they feel they are not alone	1
H4. The consumer considers that they buy from brands that are aligned with their values	1
H5. The consumer considers that they trust brands that support the same values as them do	1
H6. The consumer considers that they value the brand's values more than its price	1

H7. The consumer considers that they are indifferent to the values of common brands	4
H8. The consumer considers that they don't change their buying habits according to brand values	1
H9. The consumer considers that brands should be consistent in their values	2
H1O. The consumer considers that incoherent brands cause them to lose respect	1
H11. The consumer considers that they buy less from incoherent brands	2
H12. The consumer considers that incoherent brands are no longer a purchasing option	6
H13. The consumer considers that incoherent/unaligned brands cease to be purchasing options if they are easy to replace	2
H14. The consumer considers that incoherent brands lose their trust	4
H15. The consumer considers that incoherent brands with good product quality are not affected, only if they are replaced	3
H16. The consumer considers that incoherent brands make them feel betrayed	5
H17. The consumer considers that they always like to confirm what brands tell them before believing them	2
H18. The consumer considers that values should not be the focus of personalization by brands	2

Source: Own Elaboration

I. Consumer habits	
I1. The consumer always buys online	4
I2. The consumer buys online quite often	7
I3. The consumer buys online occasionally	11
I4. The consumer buys in person whenever they can	2
I5. The consumer never buys online	0
I6. The consumer purchases clothes	18
I7. The consumer purchases streaming services	7
I8. The consumer purchases tickets	10
I9. The consumer purchases technological products	9
I10. The consumer purchases food	3
I11. The consumer purchases books	3
I12. The consumer purchases cosmetics	2
I13. The consumer purchases gifts	2
I14. The consumer purchases household items	1
I15. The consumer purchases online due to the ease of purchase	4
I16. The consumer purchases online for quick purchases	2
I17. The consumer purchases online when the face-to-face store is far away	2
I18. The consumer purchases online because there is no physical store	4
I19. The consumer purchases online because it facilitates transportation	3
I20. The consumer purchases online out of necessity	1
I21. The consumer purchases online because it's on sale	3
I22. The consumer makes online last-minute purchases	1
I23. The consumer doesn’t have the patience to search, so they just look at the ads and buy accordingly	1
I24. The consumer started a purchase by looking at the ad	4
I25. The consumer does pre-purchase research	20

I26. The consumer does pre-purchase consideration	16
I27. The consumer sees reviews of the product or service	4
I28. The consumer confirms that the purchase site is secure	9
I29. The consumer compares prices	11
I30. The consumer buys online and picks up in the store	5
I31. The consumers search online and buy in stores	9
I32. The consumer tracks the order	2
I33. The consumer has online accounts	6
I34. The consumer doesn't create accounts for one-off purchases	4
I35. The consumer has accounts on the sites he uses regularly	5
I36. The consumer doesn't create accounts when it's not mandatory	8
I37. The consumer creates an account to be more secure	2

Source: Own Elaboration

Appendix C - Interviewees' Data

Interviewee	Gender	Age	City	Study/Work field
A	Male	21	Torres Vedras	Economics
B	Female	21	Leiria	Business
C	Famale	25	Faro	Biochemistry
D	Male	24	Torres Vedras	Pharmaceutical Sciences
E	Male	23	Torres Vedras	IT
F	Male	22	Torres Vedras	Marketing
G	Male	23	Lisbon	Engineering
H	Male	23	Lisbon	Desing
I	Male	23	Lisbon	Economics
J	Female	22	Lisbon	Marketing
K	Male	22	Lisbon	Business Analytics
L	Male	25	Faro	Business
M	Female	24	Torres Vedras	Business
N	Female	23	Lisbon	Marketing
O	Female	23	Torres Vedras	Law
P	Female	22	Lisbon	Marketing
Q	Female	21	Setúbal	Marketing
R	Female	20	Lisbon	Business
S	Female	22	Lisbon	Finance
T	Male	24	Lisbon	Engineering
U	Male	22	Torres Vedras	Marketing
V	Female	24	Setúbal	Marketing
W	Female	22	Lisbon	Business Analytics
X	Male	24	Torres Vedras	Engineering
Y	Female	22	Torres Vedras	Biochemistry
Z	Male	22	Santarém	Business

Source: Own Elaboration