

PERSONALIZATION IN CONSUMER MARKETING RESEARCH ON M2C APPLICATIONS

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Abstract: *The rise of digital platforms and e-commerce has amplified the Manufacturer-to-Consumer (M2C) model, facilitating direct interactions between manufacturers and consumers. Personalization, as defined by Hanson (2000), involves tailoring products, services, and strategies to individual customer needs, enhancing satisfaction and brand loyalty beyond traditional mass marketing. This study, based on online surveys of 349 consumers, identifies five key trends in personalized marketing: recommendations, relationships, the privacy paradox, advertising, and concepts & discounts in marketing. It explores the benefits and challenges of the M2C model, emphasizing the impact of personalization on consumer behavior and purchasing decisions, and offers guidance for manufacturers to enhance brand equity and loyalty. The study advises manufacturers on the use of personalization within the M2C model to boost brand equity, consumer engagement, satisfaction, and brand loyalty.*

• Keywords: *brand equity, consumer marketing, M2C, personalization.*

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1. Introduction

In today's highly competitive digital marketplace, businesses strive to create unique and engaging experiences for their customers. One of the most effective ways to achieve this is through personalization. Personalization in consumer marketing involves tailoring marketing efforts to meet the individual preferences and behaviors of consumers. This approach leverages data analytics and consumer insights to deliver more relevant and targeted messages, products, and services.

M2C applications allow manufacturers to bypass traditional retail intermediaries and sell directly to consumers. This direct interaction provides a wealth of data on consumer preferences, purchasing behaviors, and feedback. By harnessing this data, businesses can develop highly personalized marketing strategies that enhance consumer satisfaction and loyalty. Personalization in M2C applications not only improves the consumer experience but also drives sales and increases brand loyalty.

This research aims to explore the various dimensions of personalization in consumer marketing within the context of M2C applications. Through a comprehensive analysis, this study seeks to provide

valuable insights into how businesses can effectively leverage personalization to enhance their marketing efforts and achieve sustainable.

2. Literature review

2.1. Overview of personalization marketing

Personalization involves creation or production of goods or services catering to specific requirements of individuals, recognizing the distinctiveness of each customer by providing them with customized products. In practical terms, personalization is a process that aims to curate relevant and tailored interactions to enhance the customer experience, utilizing insights derived from each customer's personal and behavioral data. Achieving this often necessitates active customer engagement facilitated through customer reviews, purchase data, and interactions on social media platforms (Shobhana Chandra, 2022).

The growing significance of personalization is evident in that its successful implementation contributes to revenue increases of 5% to 15% and enhances marketing efficiency within a single channel. This field encompasses various disciplines, including business management, computer science, decision science, information systems (IS), and psychology. Personalization incorporates the application of

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artificial intelligence (AI) and machine learning (ML) within the realms of cognitive and social psychology (Shobhana Chandra, 2022).

At present, the trend toward personalization in customer marketing is becoming popular in the digital age. And businesses are looking for new ways to reach customers more effectively and meet their individual needs (Grieve, 2023). One of the most effective methods in use is the M2C model.

2.2. Overview of M2C model

The M2C model plays an important role in implementing personalization strategies by eliminating intermediaries, helping manufacturers sell products directly to consumers, bringing benefits such as competitive prices, diverse choices, and clear product information (Cuofano, 2024).

There are have three types of M2C models:

Social media M2C: social media enables manufacturers to connect with consumers directly through platforms like Facebook, Instagram, Twitter, and LinkedIn. This model focuses on building relationships and communities rather than just transactions.

E-commerce M2C: E-commerce involves the online buying and selling of goods, including payment processing and information exchange. It encompasses various business classifications like B2B, B2C, C2C, C2B, B2A, and C2A.

Application M2C: This model merges mobile technology and e-commerce, offering dedicated apps as virtual storefronts and customer service channels.

Evaluating the application of the M2C model. The article's objectives are:

- Analyze personalization trends in customer marketing;
- Measure the way impact of types of personalized marketing on aspects of brand equity; and
- Recommend effective personalization strategies for businesses based on research results as well as provides practical guidance for applying personalization strategies.

2.3. Conceptual background

In the modern consumer marketing landscape, personalization stands out as a key strategy for manufacturers looking to establish a direct connection with their customers. With the rise of digital platforms and e-commerce, the M2C Model has become prominent, allowing manufacturers to bypass intermediaries and interact directly with consumers.

Personalization can be approached in different ways. Generally, personalization refers to the process of tailoring products, services, and marketing efforts to meet specific needs and preferences of individual consumers (Shobhana Chandra, 2022). It involves collecting and analyzing consumer data to understand their preferences, behaviors, and demographics. Personalization goes beyond generic mass marketing strategies, allowing manufacturers to deliver targeted experiences that resonate with each consumer on a personal level (Anon, 2024).

The authors have summeried the types of personalization: (1) Recommendations; (2) Relationships; (3) Privacy Paradox; (4) Advertising; (5) Concept and discount in marketing as follow:

Focus: (1) Product discovery and purchase; (2) Customer loyalty and advocacy; (3) Customer data and privacy; (4) Target customer acquisition and conversion; (5) Engaging communication and brand perception.

Basic idea: (1) Suggesting products or content relevant to individual customer preferences; (2) Building genuine connections with individual customers; (3) The tension between customers desiring personalization and their concerns about data privacy; (4) Delivering targeted ads based on individual customer profiles; (5) Tailoring marketing messages and communication style to individual preferences.

When to use: (1) When you want to increase customer engagement and purchase likelihood; (2) When you want to foster customer loyalty and brand advocacy; (3) This is not a technique, but a consideration for all personalization strategies; (4) When you want to reach relevant customers with relevant messaging; (5) When you want to create a more engaging and relatable customer experience.

Benefit for Brand: (1) Increased sales, improved conversion rates; (2) Stronger customer relationships, increased customer lifetime value; (3) N/A; (4) Reaching relevant audiences with targeted messaging; (5) More engaging customer experiences, stronger brand connection.

Benefit for Customer: (1) Increased product relevance, saves time & effort; (2) Feeling valued & appreciated, personalized experiences; (3) Increased awareness & control over data; (4) Seeing relevant ads, feeling understood by brands Feeling understood & connected to the brand.

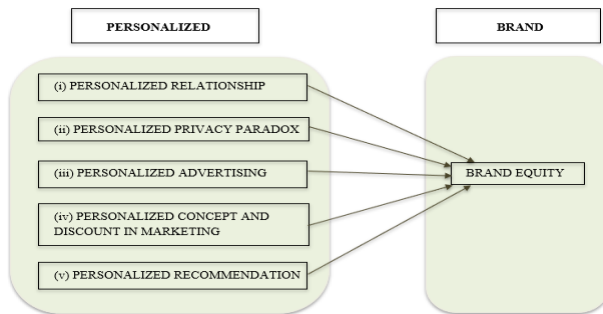
3. Research methodology

Steps in our research include:

Step 1: Specify scientific basis of the research on theories and empirical studies on trends affecting Brand Equity

Step 2: Develop the research model: This study investigates the impact of personalized marketing on brand equity. It analyzes five independent variables: personalized recommendation (REC), personalized relationship (REL), personalized privacy paradox (PRI), personalized concept and discount in marketing (CON), and personalized advertising (ADV). The dependent variable is brand equity.

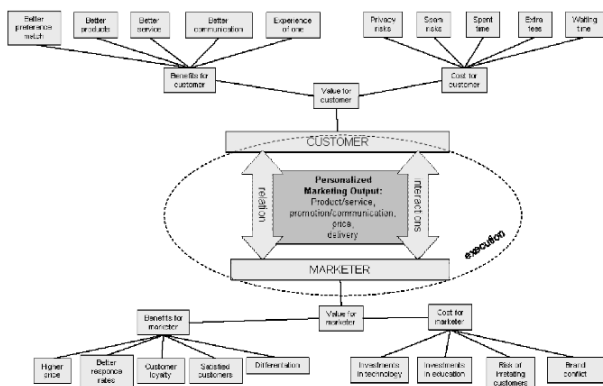
Fig. 1. Research Model



Source: Author (2024)

Step 3: Developmental hypothesis: Based on empirical studies above, we uncover factors found in both interviews and literature reviews. This will provide a solid theoretical foundation, supporting research and application of models suitable to research conditions.

Fig. 2. Foundation Model



Source: (Vesanen, 2005)

This model serves as a foundation, from which various factors are generalized and integrated with the content of other smaller sources to construct the following hypothesis:

Study Hypotheses

Beyond the function of suggesting the most relevant products to individual customers at the right time, recommender systems demonstrably enhance cross-

selling by suggesting additional products. It approaches fosters customer satisfaction and loyalty because consumers return to the platforms that anticipate their needs. Additionally, recommender systems may have a significant impact on a company's revenue stream (Trang P. Trana et al., 2020). Formally, we hypothesis:

Hypothesis 1: Personalized Recommendation (REC) affects Brand Equity (+).

Personalization simply influences customer loyalty and customer satisfaction. Also, in this result, they found that service customization is an important co-creator of customer loyalty. It is partially mediated by perceived service quality, customer satisfaction, and customer trust (Penghui Guo, 2024). While customized service is one of key factors in the personalized relationship. Therefore, we propose the following:

Hypothesis 2: Personalized Relationship (REL) affects Brand Equity (+).

While digital technology enhances product intelligence and customer experience, its widespread adoption faces significant challenges that is privacy paradox. Consumer privacy concerns and competition, which may dampen manufacturer enthusiasm for further investment. On the contract, the collection, processing, and analysis of user date for variety of purpose raises concerns about personal privacy (Tsan-Ming Choi, 2022). Development and investment of companies are related to Brand equity. Formally, we hypothesis:

Hypothesis 3: Personalized Privacy Paradox (PRI) impacts Brand Equity (+)

The personalized pricing or personalized discount could charge each customer their valuation, increasing profits and market penetration. Given this appeal, customers are actively exploring the potential of personalized pricing models (Adam N. Elmachtoub, 2021). Therefore, we build this hypothesis:

Hypothesis 4: Personalized Concepts and Discounts (CON) impact Brand Equity (+).

A recent study published in How personalized advertising (Trang P. Tran et al., 2020) suggests that personalized advertising messages strengthens brand equity. The study indicates that companies employing creative personalized advertising strategies can enhance self-brand connection, even leading to stronger brand equity. Therefore, we propose the following:

Hypothesis 5: Personalized Advertising (ADV) impacts Brand Equity (+).

Step 4: Description of study variables

Step 5: Survey Questionnaire: Our questionnaire yielded 349 respondents from consumers which

we collected information on trends related to personalization in consumer marketing for the M2C model and affected brand equity. Data were collected using online surveys via the link: <https://forms.gle/HuVZny36ecjGzkMJ7>

In addition, questionnaires were distributed to Facebook groups of young consumers such as: Student Club, Survey Filling Group, Cross Study Survey Group,...

The survey questionnaires are measured on a five-point Likert scale, where 1 = strongly disagree, 2 = disagree, 3 = neutral (neither agree nor disagree), 4 = agree and 5 = completely agree. We conducted qualitative and quantitative analyses. To conduct qualitative research, a convenience sample was used. The questionnaire was designed to ask questions related to the motivating factors identified during the literature review. In addition, the validity and reliability of the questionnaire was also improved thanks to in-depth interview from 4 experts in the marketing industry, working at bank, fintech and communication industries. The questionnaire was tested first before deployment on 19 respondents of customer contributions to ensure that the questions were appropriate and meaningful and that respondents had no difficulty understanding or interpreting explain the meaning of the question.

During the pre-trial interview process, we determined whether the chosen scale was suitable for conducting research in Vietnam. The survey questionnaire was revised based on respondent feedback to make it more transparent and easier to understand. After the trial, the survey was sent to respondents. Responses were processed using Excel and SPSS 20 software, including descriptive and graphical statistical methods, reliability coefficient analysis, EFA analysis, and linear regression analysis.

For each variable, its value was calculated as the average of the responses to its sub-questions. For example, ADV is calculated as $AVERAGE = (ADV1 + ADV2 + ADV3 + ADV4)/4$; LOY is calculated by $AVERAGE (LOY1, LOY2, LOY3, LOY4, LOY5)$.

4. Results and discussion

There were 322 valid responses from the 349 respondents.

4.1. EFA output

EFA output in the first run shows the KMO = 0.837 but the rotated component matrix requires removal of: REC6, CON1, REL4, REC1. EFA output for the second run removes ADV3. The EFA output the third shows that the KMO = 0.799, greater than

0.5, sig Bartlett's Test = $0.000 < 0.05$, thus EFA reduces the dimension of research model. There are 5 factors having an eigenvalue >1 with Cumulative Total Variance of 67.5%, meaning it explains 67.5% of the variance. Therefore, we conclude that there are 5 factors.

Based on this Rotated Component Matrix and the nature of the variables, the model keeps 15 (out of initial 22 variables) variables that fit into the 5 factors. The model keeps REL3 because the gap between .709 and .304 > 3 is acceptable.

4.2. Reliability of the variable

The reliability test for the REC factor with variables REC1 to REC6 shows an alpha reliability coefficient for the 6 variables at .802 ($>$ threshold of 0.6) and all have a highly Corrected Item - Total Correlation (greater than 0.6), suggesting that all variables have relatively high internal consistency and belong to the corresponding factor. Similarly, the alpha reliability coefficient of REL factor is .675, of PRI factor is .659 and .811 after excluding PRI3, of ADV factor is .635 and .683 after excluding ADV4, of CON factor is .773, of LOY factor is .797.

4.3. Hypothesis testing

$$\text{Brand equity (LOY)} = (\text{constant}) + a1*REC + a2*PRI + a3*CON + a4*REL + a5*ADV$$

In which REC is the Personalized Recommendation factor, PRI is the Personalized Private Paradox factor, CON is the Personalized Concept and Discount in marketing factor, REL is the Personalized Relationship factor, ADV is the Personalized Advertising factor. Among them, the ADV variable (0.326) has the strongest influence on LOY. Conversely, the REC variable (sig. = $0.55 > 0.05$) is not significant in the regression model, meaning it has no impact on the dependent variable LOY. The regression model output shows that this model can explain the impacts of PRI, CON, REL and ADV.

Regression shows that this model explains 47.2% ($R^2=0.472$) changes in brand equity to trends of personalization, a relatively moderate explanatory power.

All factors have p-values under 5%, thus coefficients are statistically significant. The positive coefficients show that these factors have positive impacts on the brand equity except the recommendation factor.

Research results:

H1: Personalized Recommendation (REC) impacts Brand equity (Rejected); H2: Personalized Relationship (REL) impacts Brand Equity (Accepted); H3: Personalized Privacy (PRI) impacts Brand Equity (Accepted); H4: Personalized Concepts (CON)

impacts Brand Equity (Accepted); H5: Personalized Advertising (ADV) impacts Brand Equity (Accepted).

This research investigated the impact of personalized marketing on brand equity in M2C application, focusing on five key areas: Recommendation, Relationship, Privacy Paradox, Concepts & Discount in marketing, and Advertising. The findings reveal that all factors excepted Personalized Recommendation significantly affects brand equity.

Relationship Impact: Effective personalized relationships make customers feel valued, leading to tighter bonds with the brand. An impressive 69.1% of customers develop loyalty with brands offering attentive care, like greetings on special occasions.

Privacy Concerns: Consumers prioritize privacy, favoring platforms that secure personal data. Security is critical in purchasing decisions, and data breaches can severely harm brand equity.

Discount Dynamics: Personalized discounts are favored by 27.2% of customers for immediate savings and increased buying interest. However, excessive, or high-value discounts can lead to skepticism about product quality and reliance on discounts for purchases.

Advertising Efficacy: Personalized advertising has the strongest impact on brand equity. Successful personalized ads increase conversion rates and require careful planning, including professional content and strategic influencer partnerships.

Recommendation Insights: Despite lacking a significant impact on brand equity, personalized recommendations enhance the shopping experience, helping customers find preferred products quickly and boost them to decide to buy it.

Overall, these aspects underscore the importance of thoughtful personalized marketing strategies in building brand equity in the M2C sector. And for the findings of this research, 47.2% of the issues related to Personalized Marketing in consumer marketing have been addressed. The remaining 52.8% belongs to other factors that haven't covered in this study.

5. Conclusions and recommendations

This research examines the impact of personalized marketing on brand equity in M2C businesses using survey data from various provinces in Vietnam, ensuring diversity and reliability. The respondents, including students, office workers, and others, provide a broad perspective on the subject. The study focuses on five forms of personalized marketing: Recommendations, Relationships, Concepts and Discounts in marketing, Privacy Paradox, and

Advertising. It also explores the M2C business model, its definition, and its benefits and challenges.

The findings show that personalized marketing significantly enhances brand equity, with 94.8% of respondents agreeing it boosts brand value. Factors like positive product reviews, brand reputation, product quality, and customer service are key in fostering long-term customer relationships. E-commerce is highlighted as the preferred shopping channel.

5.1. Personalized Recommendation (REC) - Rejection

Transparency in Recommendation Systems: Explainable AI (XAI) techniques, such as decision trees or model-agnostic methods like LIME (Local Interpretable Model-agnostic Explanations), help users understand why specific recommendations are made (Marco Tulio Ribeiro, 2016). Customer Data Platforms (CDPs) centralize data collection and management, allowing businesses to demonstrate transparency by providing clear insights into data usage and privacy practices. Additionally, blockchain technology ensures immutable record-keeping, enhancing transparency and accountability in data handling processes.

5.2. Personalized Relationship (REL) - Acceptance

Invest in Customer Relationship Management (CRM) Systems: Recognizing the positive impact on brand equity, businesses can enhance customer relationships by investing in advanced CRM systems powered by artificial intelligence (AI) and machine learning (C Ledro, 2022).

Create Tailored Experiences: To fortify customer relationships and foster loyalty, businesses must prioritize delivering tailored experiences across all touchpoints (AS Otto, 2019). Achieving this requires seamless integration of technologies across marketing channels. Marketing automation platforms like HubSpot and Marketo enable dynamic email campaigns and personalized content based on customer segmentation and behavior. Integrating customer feedback tools, such as surveys and sentiment analysis, allows for continuous refinement of personalized experiences. Effective personalization also depends on the company's products, brand positioning, and market conditions. For example, during COVID-19, MSB Bank offered a free Corona Guard insurance package with global coverage and no waiting time to customers using their services.

5.3. Personalized Privacy Paradox (PRI) - Acceptance:

Prioritize Data Security and Privacy Compliance: In response to the acknowledgement of the personalized

privacy paradox, businesses prioritize data security and compliance with privacy regulations. This entails adopting advanced encryption technologies and access controls to safeguard sensitive customer data. End-to-end encryption protocols like Transport Layer Security (TLS) ensure the secure transmission of customer information. Furthermore, Identity and Access Management (IAM) solutions like Okta or Azure Active Directory offer granular control over user permissions, ensuring data access is restricted to authorized individuals.

Obtain Explicit Consent for Data Usage: To nurture trust and transparency, businesses should implement robust Consent Management Platforms (CMPs) to obtain explicit consent from customers regarding data usage. These platforms, such as OneTrust or TrustArc, provide clear consent options, empowering customers to control how their data are collected and used.

5.4. Personalized Concepts and Discounts in Marketing (CON) - Acceptance:

Segmentation and Targeting: By integrating Customer Data Platforms (CDPs) with AI capabilities, businesses can identify and segment customers based on demographic, behavioral, and psychographic attributes (Javier Lopez et al., 2024). Additionally, predictive analytics models embedded within CDPs anticipate customer preferences, enabling proactive engagement. Seamless execution of targeted campaigns across multiple channels is facilitated by omnichannel marketing automation platforms such as Adobe Campaign or Oracle Eloqua. Set the goals and build reasonable discount campaigns to promote customer satisfaction, avoid widespread implementation that causes customers doubts about the quality of products and brands.

5.5. Personalized Advertising (ADV) - Acceptance

Test and Optimize Campaigns: Continuous testing and optimization are crucial for enhancing personalized advertising campaigns. A/B testing within ad platforms allows businesses to experiment with various creatives, messages, and targeting to find the most effective combinations. Marketing Attribution Models provide insights into campaign effectiveness across different touchpoints, helping refine strategies for optimal results (Paul Farris, 2016).

Utilize Cross-Channel Integration: Amplify personalized advertising by extending efforts across social media, email marketing, and display advertising (Rajeev Batra, 2016). This synchronized approach creates a unified brand experience, enhancing visibility and engagement.

Implement Advanced Retargeting Strategies: Strengthen customer engagement with advanced retargeting strategies such as dynamic product ads, personalized emails, and tailored content recommendations. By analyzing user behavior and preferences, businesses can deliver relevant messages, nurture leads, and drive conversions, maximizing return on investment.

5.6. Brand Equity

Data shows that all forms of personalized marketing impact brand equity. About 77% of respondents (approximately 269 people) rely on positive product reviews when making purchasing decisions. Positive feedback from previous buyers enhances trust and influences their choice. Good support services lead to more positive reviews, and promotions or special deals can further encourage purchases and reviews.

Most users in Vietnam prefer e-commerce platforms and social media channels like TikTok Shop, Shopee, Instagram, and Facebook for purchases. Companies must optimize their presence on these platforms, ensuring attractive design, easy navigation, and comprehensive product information, while conducting diverse marketing campaigns to attract customers.

Overall, personalized marketing activities boost brand equity, with 95% of respondents agreeing. However, a media crisis can severely impact brand trust, with over 57% of respondents likely to abandon the brand in such cases. Companies must thoroughly research and understand brand equity to implement effective marketing strategies.

5.7. Limitation and future research

The research focuses on M2C applications but needs to expand to the other two types of M2C. The title "Personalization in Consumer Marketing Research on M2C Applications" and the research model evaluating the impacts of personalization factors on brand equity might cause some confusion, but the research objectives cover this scope.

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