

Corporate Surveillance and Strategy:

How Companies Use Data to Understand Consumers

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Abstract

Consumers have grown accustomed to having various choices for both products and brands hence it has become more difficult for companies to stand out among their rivals. Since only the product offering is not adequate to acquire and retain consumers, companies try to differentiate over the relationship they establish. Understanding the customers, their needs, motivations, preferences, and behaviors are key to building this relationship. Once the companies know who their customers are, they create segments by dividing them into groups which enable them to target the right customers, with the right offering, from the right platform, at the right time. Due to the growing use of digital tools, the amount of generated data has also been increasing. Accordingly, corporations that extract meaningful insights from consumer data and leverage these insights as a strategic element in their business strategies are able to gain long-term competitive advantage. However, this practice can also be seen as surveillance and has social implications such as privacy concerns. Therefore, this research aims to examine how consumer-facing companies in the Netherlands across different sectors gather and use consumer data for commercial purposes.

In this research, a qualitative critical analysis of consumer data usage by companies as a surveillance practice was carried out from a marketing perspective. In the course of this, ten in-depth interviews with businesspeople were conducted with an average duration of around 45 minutes per interview. These interviews were analyzed and interpreted according to the constructivist approach of grounded theory. The findings derived from the interviews outlined four key themes that further helped to answer the research question and sub-questions.

The first theme demonstrated that building close relationships with customers plays a critical role in triggering engagement and retaining customers. Second key point is that considering a data-driven culture has been increasingly integrated into society and businesses, the ways companies connect with their customers have been affected by the use of data as well. The third theme showed that data enables companies to build detailed customer profiles and develop predictive models based on which they implement targeting strategies to change the behaviors of their audience and create market differentiation. However, in a sense, sharing their data also means giving away their privacy for consumers. For this reason, the last theme further provided new perspectives on the concept of data privacy and the regulations of data protection.

KEYWORDS: *relationship marketing, segmentation, targeting, consumer data, surveillance*

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[Preface]

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1. Introduction

Currently consumers are exposed to a wide variety of products from diverse brands. Due to the abundance of choices in each sector, it has become increasingly challenging for brands to be preferred among rivals. For this reason, differentiation is even more essential for companies, so they differentiate themselves not only with their products but also with the relationship they establish with their customers. Advanced technologies not only shifted the operational processes of businesses such as product development but has also reshaped their marketing efforts. Consumption practices in which the tools of digital technology are used have become widespread. These tools fundamentally shifted the way consumers buy products and build relationships with brands (Lehdonvirta, 2013). The emergence of digital platforms affected the amount and content of the data the consumers produce as well (Erevelles, Fukawa, & Swayne, 2016). In this digital age, data is substantially valuable and corporations that have data are more powerful but still, owning data is not enough by itself (Ryals & Knox, 2001). Since so-called 'typical consumers' no longer exist (Dyché, 2002), companies are not only concerned about what to sell but also care about who their buyers are. Not only knowing consumers but also knowing them better than competitors do has become crucial for brands to introduce the right consumer to the right product.

Brands started to focus more on target-oriented marketing strategies through the data collected from digital platforms. Nevertheless, applying a 'successful' targeting strategy in terms of business performance might not always provide a favorable outcome to brands. In 2018, it was revealed that the data analytics company Cambridge Analytica sold the data of 50 million people to Donald Trump's election team and Facebook profiles of these voters were harvested for the targeting strategy of Trump's political campaign (Cadwalladr & Graham-Harrison, 2018). Despite Facebook denying that this was a data breach, the company not only agreed to pay a £500,000 fine eventually (Bradshaw, 2019) but also lost reputation in the eyes of its consumers all over the world. Moreover, Cambridge Analytica filed for bankruptcy and closed all operations after a couple of months due to this scandal and their misuse of data (Confessore & Rosenberg, 2018). Different ads were shown to different groups of voters and the key to the success of this campaign was categorizing customers into segments and targeting those segments (Lewis & Hilder, 2018). This practice of market segmentation was strategically correct yet resulted in a serious problem from an ethical perspective. However, the purpose of this paper is not to examine the case of Facebook. Instead, the aim of this research is to delve into the ways that brands benefit from consumer data within the scope of their business model for more targeted marketing

practices in order to understand what the potential consequences of these practices for organizations can be.

Since most of the touchpoints with customers became digital, it is currently even more essential for companies to understand the decision-making process of consumers through data so that they can improve their offerings, and eventually, achieve competitive advantage (Edleman, 2010). The total amount of data generated on the internet in 2019 was 41 zettabytes and this number is expected to increase significantly in the upcoming years (Holst, 2020), which will keep feeding the databases of corporations. With the increasing use of digital platforms, businesses started to store, analyze and use personal data to improve their targeting strategies (Fuchs, Boersma, Albrechtslund & Sandoval, 2013). In this thesis, how and why companies benefit from the collection and usage of consumer data will be analyzed.

The way to establish a relationship with consumers is to have information about them hence this information is invaluable to companies (Ndubisi & Chan, 2005). Digital platforms made accessing customers' personal information easier for companies (Dyché, 2002) and managing consumer data can be the source of competitive advantage for firms from any industry (Hogan, Lemon & Rust, 2002). After explaining the importance of collecting consumer data, here it should be noted that it is just as crucial to use the gathered data effectively. Today, the majority of organizations collect consumer data but unless the insights gained from this data are put to use, it is not really beneficial for anyone (Rollins, 2008). Many researchers claim that firms mostly focus on gathering and storing customer information instead of looking for ways to enhance the quality and usability of it (Rollins, 2008). Deriving meaningful insights from gathered information and converting that knowledge into profitable actions is therefore essential for corporations (McKinsey, 2016).

1. 1. Social and Academic Relevance

With the advances in digital technologies, companies have been gathering and transmitting vast amount of data about consumers' activities (Morey, Forbath & Schoop, 2015). Three years ago, *The Economist* even claimed that the value of data surpassed the value of oil in one of its articles (The world's most valuable resource is no longer oil, but data, 2017). As data has been becoming prevalent in our lives on a daily basis, how companies engage with customers has been changing as well. Consumer data can have enormous rewards for organizations that understand the potential of these data technologies depending on how it is interpreted and used. The findings of this research will lead greater understanding of how people working in business, use data to connect with their customers.

Considering our world is becoming increasingly digitized and data is becoming more valued, this research centers upon how consumer data embedded in this process is used by businesses.

Data-driven culture is increasingly integrated into the society we live in, hence, companies are trying to incorporate this culture through their marketing efforts (Waller, 2020). However, marketing practices based on consumer data have ethical and social implications as well. Data is gathered, processed, and interconnected to examine the behaviors of individuals, social groups, and collectives (Kappler, Schrape, Ulbricht & Weyer, 2018). Whether these practices bear the risk of an erosion of solidarity or whether they challenge traditional perceptions of privacy are questions of debate (Kappler et al., 2018). The practice of tracking consumer activities and applying targeting strategies by firms is also seen as a form of surveillance (Wright & Kreissl, 2014) and this perception has a negative connotation for businesses. The concept of consumer surveillance is becoming even more important due to the global digitalization of contemporary society.

Surveillance is a previously researched topic from the technological (Ceyhan, 2012), sociological (Koskela, 2012), cultural (McGrath, 2012), ethical (Macnish, 2014), and marketing (Pridmore, 2008) aspects. Yet, in spite of the popularity of the concept, little research attention has been directed to exploring the link between consumer surveillance and targeting strategies. Since this study focuses on the perspective of those working within businesses, implementing marketing strategies on the basis of data and the consequences of these strategies will be examined from the standpoint of companies. Moreover, relationship marketing, targeting, and segmentation have also been explored by different perspectives and this thesis will integrate several of these. For this study, in addition to the theories about segmentation, targeting, and relationship marketing, examining the way firms put these methods to practice and their consequences were found relevant. There are various business reports about organizations implementing marketing strategies based on consumer data but little of an academic nature.

This research approaches these issues from a marketing perspective with a critical analysis of consumer data usage by companies as a surveillance practice. Therefore, it is here important to note that this thesis is focused not on the effects on the consumer, but on the choices that people within the business are making.

1. 2. Research Question

In order to understand the role of consumer data in the relationship management and targeting strategies of companies, this research focuses on the following research question:

RQ: How do consumer-facing corporations in the Netherlands across different sectors gather and use consumer data for commercial purposes?

This research question will allow for new insight into how the market segmentation is seen to work within business practices. Besides the collection process of data, this study aims to comprehend whether firms put these data to use in practical terms. If so, it asks about the manners in which this is executed. As such, the first sub-question is formulated as:

SQ1: How does the collected consumer data become integrated and implemented into targeted marketing strategies of companies?

Additionally, with the intention of understanding the actual impacts of these targeted business strategies are for companies, the second sub-question this research aims to answer is the following:

SQ2: How are the impacts of a targeted strategy perceived by consumer-facing companies?

Through these questions, this study aims to understand how people working in business make sense of the data they collect and use it to improve their business strategy and connect with their customers.

2. Theoretical Framework

In order to answer my research question and my sub-questions, this section is going to cover the topics *Relationship Marketing*, *Segmentation and Targeting*, and *Consumer Surveillance*. This will provide a theoretical base that is needed to understand how organizations change the way they connect with their customers by implementing targeted strategies based on consumer data.

2. 1. Relationship Marketing

Kotler (2002) defines relationship marketing as a shift “from focusing on transactions to building long-term, profitable customer relationships” (p. 15) and suggests that the ultimate level of segmentation is creating these relationships in which consumers are served as individuals. Peppers and Rogers (2004) make a comparison between market-driven competition and customer-driven competition by suggesting that customer-driven companies differentiate their relationship with consumers whereas market-driven firms compete by differentiating their products. The longstanding, strong correlation between consumer-oriented strategy and business performance is proven by evidence (Deshpandé, 1999). Marketing practices on the part of companies, intend to provide strong firm-customer relationships through which corporations are able to be closely acquainted with their target audience (Ndubisi, 2004). The stronger this relationship is seen to be, the more attached the consumer becomes to the brand and the less inclined they will be to patronize other rivals (Parvatiyar & Sheth, 2000). In an era with a wide variety of alternatives, as it is easy for customers to switch between brands, it has become even more crucial for companies to maintain this relationship as much as building it (Egan, 2008).

For this study, it is also important to specify what it means for a company to establish a relationship with their customers. Peppers and Rogers (2004) state that even though this concept is usually used to describe the consumer’s attitude toward the company, it incorporates various elements and characteristics. According to their definition, a relationship requires a mutual connection, so it is inherently two-way and it is also driven by an exchange of information (Peppers & Rogers, 2004). They also emphasize that a relationship must be unique, based on trust and include an ongoing benefit for both parties (Peppers & Rogers, 2004).

Parvatiyar and Sheth (2001) state that the overarching theme of the relationship marketing approach is “focusing on a cooperative and collaborative relationship” (p. 4) between the company and consumers. Relationship marketing focuses on the way of explaining and understanding the decision-

making processes of consumers, therefore, is concerned about more than the transactional interaction of money between brands and customers (Ryals & Knox, 2001). Sisodia and Wolfe (2000) make a distinction between relationship marketing and transactional marketing in the following statements: "Information is the lifeblood of all marketing, but effective relationship marketing demands a more highly enriched stream of information than traditional product or transaction-driven marketing does." (p.525).

There are many theories and models regarding the implementation of relationship marketing strategies still in use today. The means-end chain proposed by Gutman (1982) suggests that customers perceive the attributes assigned to products within the scope of their personal conditions such as culture, society, and personality so they use products to attain desirable consequences (Gutman, 1982). Customiser Motivational Model predicts patterns of consumer buying behavior through analyzing how circumstances and attitudes of the customer as motivational factors affect the purchasing process (Cuthbertson & Messenger, 2006). In his Customer Value Design, Woodruff (1997) suggests that in order to establish and sustain an advantageous competitive position, it is essential for organizations to correlate desired customer value to received value based upon customer satisfaction. Another theory concerning relationship marketing is the Key Mediating Variable Model of Morgan and Hunt (1994), which puts forward that relationship commitment and trust are the foundation of continuing cooperation between entities (Duane, 2012).

Even though these theories are relatively dated, they are still commonly executed as business strategies. At present, most of the interactive connections the consumers have with companies are mediated through online platforms and what both sides essentially expect from this exchange is still being able to create and retain a successful relationship (Steinhoff, Arli, Weaven & Kozlenkova, 2019). All these models show general similarity in how they approach the development of the relationship between the consumer and the brand, by commonly emphasizing that relationship marketing is a key form for describing consumer activities and how companies think and act towards their customers. After understanding how consumer relationships are defined in the marketing literature, this research seeks to understand how marketers define building relationships with customers. Defining these relationships depends on defining who the consumers are which will be discussed in the next section. This research aims to understand how companies operate based on a relationship marketing approach, relying on collected consumer data to build this relationship. An important part of this is defining the customer base on the basis of these data into different categories which are crucial to how these relationships can

be seen to develop. Therefore, by understanding relationship marketing practices, the intentions for gathering and using consumer data will become clearer.

Digital channels reduce the friction in access to consumer information and using this information efficiently to build a strong relationship with their customers, enables companies to outperform their competitors (Meadows-Klue, 2008). Understanding what relationship marketing aims and in which ways it has shifted with digitalization will allow explaining how and due to which motivations consumer data are integrated and implemented into targeted marketing strategies. As mentioned above, customer relationship management (CRM) is one of the tools that can be used to develop strategies to improve the relationship between the customer and the firm.

2. 1. 1. Customer Relationship Management

Examining the principles and purposes of CRM systems will contribute to the understanding of how the collection and usage of consumer data can be useful in creating an effective CRM strategy. The efficient management of customer relationships is directly related to understanding more about consumers and the efficient management of customer relationships increases the profit of corporations (Cheng & Chen, 2009). This understanding allows corporations to increase the number of customers with the 'right' value and to retain them (Badgett & Stone, 2005). Dyché (2002) suggests that the only way to benefit from the value of existing and potential customers is to know them. According to Peppers and Rogers (2004), CRM can be seen as taking business actions to put corporations into closer touch with their consumers so that they can deliver greater value to them and the ultimate aim of these actions is to make each customer more valuable to the company. The main idea of customer relationship management (CRM) is to monitor and strengthen customer relationships and this requires treating each customer differently. This enables firms to communicate efficiently with their consumers, bolster revenues and retention, and even sometimes shift the desires and demands of the target audience (Ledingham & Rigby, 2004).

The purpose of CRM strategies is to improve the interaction between the company and its customers through data technologies (Khan, Ehsan, Mirza & Sarwar, 2012). Considering this research aims to explore how consumer data is utilized to change the ways companies connect with their audiences, understanding the key perspectives on the CRM process is crucial. Peppers and Rogers (2004) regard CRM as a more individualized approach. They suggest that a personalized business approach creates a significant switching cost for the customer (Peppers & Rogers, 2004). This is the cost in the

form of time, effort or money that a consumer faces when changing brands or products. Thus, increasing switching costs can strengthen the competitive advantage of companies. In this approach, resources of the business are utilized to enhance consumer value; consumer data is gathered and implemented in the targeting strategy; and marketing practices aim to increase customer engagement, satisfaction, and retention (Buttle & Maklan, 2019).

Gebert, Geib, Kolbe, and Brenner (2003) argue that the most valuable knowledge to the firm is customer knowledge and they propose a customer knowledge management model (Gebert et al., 2003). According to Gibbert, Leibold, and Probst (2002), the application of consumer knowledge management transforms customers from “passive information sources and product receivers” into active “empowered knowledge partners” (p. 2). The preferences of customers can be incorporated in the value system therefore the consumer becomes one of the key components of value creation (Wilhelm, Gueldenberg & Güttel, 2013).

CRM applications help brands to understand what is important to customers, what they like or what is the best way of communicating with them (Chen & Popovich, 2003). This is also referred to as “optimizing interactions” by Eckerson and Watson (2000). Some of the techniques that are used by companies to manage consumer interactions are automation, segmentation, filtering, and artificial intelligence (Parvatiyar & Sheth, 2001). While defining CRM, some scholars prefer to urge on IT applications and the key role of the Internet while others argue that this process is a journey from knowing the customer to transforming that customer into a profitable advocate and technology does not necessarily play a part in this journey (Buttle & Maklan, 2019). Even Chen and Popovich (2003), who define CRM as “a combination of people, processes and technology that seeks to understand a company's customers” (p. 672), emphasize that considering customer relationship management as a technology-only solution most probably leads to failure. Digital tools allow corporations to store, analyze and distribute huge amounts of information instantly but for effective CRM, these tools should be utilized to develop relationships with customers (Buttle & Maklan, 2019). Digital platforms enable companies to respond directly to the requests of consumers and deliver an engaging experience (Winer, 2001).

Data mining which is the practice of exploring patterns in large databases to extract new information is a tool that is often used to implement CRM strategy. Cheng and Chen (2009) suggest that data mining enables organizations to analyze patterns in the data of their audience and manage customer relationships in a more improved manner. Through the practice of data mining, data analysts aim to find an association between the consumers and the products. However, data mining software do

not remove the need to understand the information and cannot be trusted without validation (Rygielski, Wang & Yen, 2002). In order to utilize this tool in a productive way, firms need to ensure that their data mining process is in alignment with segmentation practices (Rygielski et al., 2002).

2. 2. Segmentation and Targeting

2. 2. 1. Segmentation

Reichheld, Schefter, and Rigby (2002) indicate that the success of customer relationship management is based on a successful segmentation analysis. Thus, segmentation, just like CRM practices can be seen as a tool enabling organizations to build relationships with their customers. Priorities of consumers and how these priorities should be addressed are constantly changing so investing in "the right customers" is substantial for organizations to maximize their profits (Wyner, 2002). The same logic applies to corporations as well. The customers that companies will prioritize are shaped by the rate of profit they will bring because not every customer is of equal value or importance to the company (Kelati & Maslo, 2018). Some scholars suggest that this requires "customer selectivity" which is also accepted as an important facet of customer relationship management (Khan, 2008).

Segmentation gives companies the chance to spend their scarce resources on the most promising opportunities through a systematic classification (McDonald et al., 2003). This implies that firms implement these strategies to increase the likelihood of selling their products and not to spend time with people who will not buy the product. Or different strategies can be applied to engage these customers who are not inclined to buy the product. So how does segmentation make this easier? It provides comprehensible patterns according to the attributes of consumers (Provost, & Fawcett, 2013). Based on these patterns, companies can implement a more consumer-oriented business strategy that allows them to be closely acquainted with their existing and potential customers (Olsson & Nilsson 2002). Eventually, this helps firms to proceed with actions that are more likely to bring success.

To set a market segmentation process in motion, companies primarily ought to choose a set of variables and well-classified criteria to identify the consumption patterns of customers (Dibb & Simkin, 2013). The main purpose of market segmentation is to implement a more targeted and efficient strategy by dividing the market into its constituent groups (Cahill, 2014). These groups which are called market segments in the marketing language (McDonald et al., 2003), involve "potential customers with similar needs and/or characteristics who are likely to exhibit similar purchase behavior" (Weinstein, 2013, p. 4).

As stated above, knowing the consumers is required to build a relationship with them. Weinstein (2013) suggests that the aim of segmentation is to examine markets, explore profitable occasions and consequently strengthen the competitive position but since it is not possible to pursue each market opportunity, companies have to make strategic decisions. Therefore, in order to create segments, companies gather consumer data, either by collecting it themselves or buying it from external sources (Verhoef, Spring, Hoekstra & Leeflang, 2003).

Consumer segmentation can be applied based on geographic, demographic, and psychographic, and behavioral variables (Kotler, 2002). Geographic segmentation means dividing the consumer market on the basis of geographical areas such as cities, countries, regions, and even neighborhoods (Wedel & Kamakura, 2012). Demographics include variables as age, gender, educational level, occupation, income, religion, marital status, and family size (Reid & Bojanic, 2009). Kotler (1997) indicates that psychographic segmentation is measured by the lifestyle and personality of consumers. Behavioral segmentation aims to classify consumers based on attitudes, benefits, purchase habits, product usage or loyalty towards the brand (Armstrong, Adam, Denize & Kotler, 2014). Some scholars prefer to analyze customers according to geodemographics data which is defined as “the analysis of socio-economic and behavioral data about people, to investigate the geographical patterns that structure and are structured by the forms and functions of settlements” (Harris, 2003, p. 225). How consumers interact with the firm through marketing avenues is considered as interaction data which is also called as web traffic data (Wilson, 2005). This includes clicks, navigation paths, browsing activities, and social media engagements (Sauro, 2015).

Companies use segmentation for various purposes. One of these purposes is building predictive models to support targeting decisions in database marketing (Levin & Zahavi 2001). Predictive modeling basically means using statistical data to anticipate other outcomes (Geisser, 1993). This way, companies become able to formulate their marketing practices in a more personalized manner. With the sharp rise in computational power and companies collecting more data than ever, predictive analytics, as a data-driven approach, gained popularity (Verbraken, Lessmann & Baesens, 2012). On the other hand, Artun and Levin (2015) argue that the main reason why the use of predictive marketing practices is on increase among companies nowadays is that consumers are expecting more meaningful relationships with organizations. The same authors consider predictive marketing as more of a new approach empowered by data systems rather than a new technology itself (Artun & Levin, 2015).

According to the results of a survey by Dassault Systèmes and CITE Research (Vinoski, 2020), today almost every consumer demands personalization during their purchase process. Through

identification of segments, businesses can customize their offerings such as prices, products, promotions or distributions (Camilleri, 2018). Research has demonstrated that personalized offerings increase profit and lead to customer loyalty (Epsilon, 2018). Levin and Zahavi (2001) argue that segmentation is also used to understand and to increase consumer loyalty.

After the data are collected and analyzed, groups of consumers are profiled according to distinguishing patterns and characteristics (Kotler, 2002). It is also crucial for companies to constantly keep track of consumer behaviors and update these profiles (Berry & Linoff, 2004) since the needs, expectations, motivations, and lifestyles of consumers might change. During the segmentation process, marketers should evaluate all variables and select the most meaningful one to work with. Considering that this target-oriented strategy requires getting to know consumers, it can be said that segmentation was primarily derived because of the mentality of relationships. Segmentation breaks a large data set into smaller pieces and makes it easier for the corporations to understand their audience better so that they can reach consumers with specific needs and preferences. Understanding how segmentation reinforces building and maintaining customer relationships is important for this research. After identifying market segments, companies decide which markets or audiences they should address (Dibb & Simkin, 1991).

2. 2. 2. Targeting

The concepts of segmentation and targeting are tightly correlated because reaching the targeted audiences is only possible by means of a "sophisticated" segmentation (Bennett & Entman, 2000). This thesis focuses on how companies integrate insights from consumer data into their marketing strategies. Therefore, this background knowledge about the ways data technologies empower targeting practices will help to understand this integration process. Considering that in this era, customers have the opportunity to choose from various different options, offering high-quality products is not sufficient anymore for companies hence, it is crucial for brands to implement target-oriented, segmentation-based marketing practices (Weinstein, 2013). Segmentation allows companies to know their consumers and to build strong relationships with them through a targeted business strategy (Weinstein, 2013). All these show that there is a strong connection between segmentation and targeting. In fact, targeting is often considered as the next step of segmentation (Dibb & Simkin, 1991).

As McDonald, Christopher and Bass (2003) suggest, it is not realistically possible for a brand to be the leader of every market or to address each target audience. In this context, elaborating on the

notion of 'target audience' was found relevant. Target audiences are the groups of people who are most likely to show demand for an offered product or service. These are the people who the company wants to address and reach forms that company's target audience. Kotler (1997) often emphasizes that a successful communication strategy starts with identifying a clear target audience because all further steps depend on the characteristics and expectations of this determined audience. The way to determine the target audience is to divide the market into customer segments (Armstrong et al., 2014). Dyché (2002) defines this process as "the practice of promoting a product or service to a subset of customers and prospects"(p. 21).

Peppers and Rogers (2004) suggest that precise targeting practices can reduce marketing costs to a considerable extent. Companies transform collected customer data into actionable information, then adjust their targeting decisions accordingly (Berry & Linoff, 2004). If the company achieves to target the right consumer with the right product, the efficiency of its marketing planning will increase (Klever, 2008). This is to say that targeting enables companies to reach customers in a more personal way and to understand what they need so they can allocate their marketing resources more efficiently.

Although much research demonstrates that a target-oriented strategy brings profit to the company, some scholars point out that this business strategy might also have certain drawbacks. Kalandides, Zenker, and Beckmann (2013) state that different strategies applied to different target groups still need to maintain brand integrity within themselves. Lamb, Hair, and McDaniel (2008) consider that concentrated targeting strategy which focuses on one specific audience can cause the company negative consequences in case the selected segment is too small or it becomes smaller due to changes in the market.

Businesses are able to customize their content more than ever in the current data-driven media environment they operate in (Carah, 2017). Today's targeting practices have a more web-connected focus and they aim to optimize the database marketing actions (Jaworska & Sydow, 2008). Personalized communication and refined targeting not only give companies the opportunity to improve their relationships with existing customers but also to attract new ones. Targeting practices aim to individualize relationships so developing recommendation systems can also be seen as a part of individualization. The online video-sharing platform Youtube is one of the companies that has been building its business strategy on a recommendation system by showing related videos. (Davidson, Liebold, Liu, Nandy, Van Vleet, 2010). The purpose of this system is to offer personalized suggestions that can make it easier for users to find the content of their own interests (Davidson et al., 2010).

Although traditional segmentation and targeting practices are still carried over, as the consumer data have increased at a significant amount and communication technologies have been developed in more innovative ways in the last years, collecting and storing consumer data play a fundamental role in companies' marketing activities (Pridmore & Hämäläinen, 2017). Hence, it is here important to note that this study focuses on how the usage of data is embedded in the segmentation operations of businesses. Many corporations collect reams of data from their target audiences through online platforms on a daily basis, which allows companies to thoroughly analyze the behavior of their consumer (Dietrich, Rundle-Thiele & Kubacki, 2017). By means of this analysis, companies get the opportunity to keep up with the market trends, refine their products, and improve their business performance (Dietrich et al., 2017). Online newspaper websites such as nytimes.com and CNN.com offer a personalized reading experience based on the interests that were personally expressed by their consumers (Turow, 2005). However, all these practices can be seen as a form of surveillance.

This thesis aims to explain to what extent companies accomplish to enhance their business strategies through consumer data. Comprehending what segmentation is about, why it is executed, and how data collection is included in this process, will help to answer the research question which examines how corporations collect and use consumer data as a part of their marketing strategies. Knowing how the targeting process works is also necessary for understanding the implementation and impacts of these practices.

2. 3. Consumer Surveillance

As stated above, an effective segmentation strategy holds great power for businesses and this can also be seen as a form of surveillance. Surveillance is an increasing concern and growing field of research which can be seen as a longstanding social process that turned into a powerful organizing system in modern society (Lyon, Haggerty & Ball, 2012). Previously, surveillance was perceived to be something of concern whereas, in this age, it is a phenomenon that is increasingly "apathetically accepted" by society (McGrath, 2012). Especially with the emergence of the internet, the distinction between producing and consuming has started to blur and since databases have the ability to capture and record consumer practices instantly, they have become "electronic repositories of complex consumer lives" (Pridmore & Zwick, 2011, p. 271). Companies try to monitor media activities of their consumers and then integrate gathered consumer data into marketing practices (Turow, 2005).

Before explaining in detail how consumer surveillance can be seen as a way of looking at marketing, it is important to highlight some of the key concepts and terms in the literature about digital surveillance that were suggested by different scholars. One of the concepts that is related to this form of surveillance is *dataveillance* which was originally defined by Clarke (1988) as “the systematic investigation or monitoring of the actions or communications of one or more persons” (p. 499). This concept relates to this study as it focuses on surveillance practice on the basis of data. According to Clarke (1988), the main objective of dataveillance is to gather data about the subjects, their activities, and their associates. ‘Digital persona’ which is an underlying notion of dataveillance (Clarke & Greenleaf, 2017) is a model of a person’s public personality and it is established through collecting and analyzing that person’s data (Clarke, 2014). Through this, understanding the ways in which companies define customer personas will help explain how companies develop customer profiles and identify their target markets.

2. 3. 1. Surveillance in Marketing Practices

Zwick and Denegri-Knott (2009) state that the surveillance of consumer activities allows marketers to transcribe activities into data and then to gather, store and process that information. Companies use this consumer data for various purposes such as in creating customer portfolios, classifying markets, innovating technologies, developing business strategies, ameliorating customer service, and promoting products (Cox, Mowatt, Young & Rowley, 2005). Peppers and Rogers (2004) emphasize that if companies know their customers better than their competitors and base their offerings on this knowledge, it will prevent consumers from switching to other brands. According to Lyon (2012), using databases for commercial purposes, just like the other fields of data usage, express and embody social sorting methods. Lyon (2012) emphasizes that success in segmentation and targeting relies conspicuously on "unfettered access" to consumer information which can be obtained from an unceasingly broadened stream of data and advanced analytical tools. Lifestyle, socio-demographic and geographic surveillance have existed since the 1970s but the main developments in the commercial form of surveillance arose with the digitalization and the growth of data mining techniques (Pridmore & Zwick, 2011). As mentioned above, data mining is a key element of customer relationship management and targeting. The integration of consumer data into business strategy helps companies to determine ‘right’ and ‘wrong’ targets so that they can improve their marketing interventions (Pridmore & Zwick, 2011).

Increasing digital interactions between the organizations and consumers result in a surveillance-based personalization approach that enables discriminating among consumers (Turow, 2005). Turow and Hennessy (2007) accentuate the importance of building a relationship with consumers for developing a surveillance-driven culture in which audiences perceive surveillance as profitable so that they are willing to make a contribution to organizations' data collecting procedures. The main purpose of surveillance is to store personal data so that companies can improve their relationship-driven marketing strategies (Turow, 2005). As discussed above, trust has a key role in relationship building and loyalty development (Ndubisi, 2007). Creating relationships requires having information and information is not shared without trust. When consumers believe that their information is safe with the firm, they are more likely to share more (Peppers & Rogers, 2004). In order to build this trust and to make the surveillance practice reciprocal, companies must provide unique and relevant offerings in return (Peppers & Rogers, 2004).

2. 3. 2. Ethical Components of Consumer Surveillance

Companies monitor and measure their consumers to build detailed data profiles. However, this also raises ethical and moral issues since these practices has societal implications such as privacy concerns (Lyon, 2004). Many authors discuss the ethical components of consumer surveillance. Some scholars believe that consumers are controlled unawares over digital platforms that they are using. Robson and Olavarria (2016) describe surveillance culture as "a pervasive culture of intrusion" (p. 130). Similarly, Giroux (2014) states that the expansion of surveillance and the spread of new media channels not only lead to an invasion of privacy but also legitimate "a culture in which monitoring functions are viewed as both necessary and benign" (p. 41). Castells (2001) sees digital surveillance as a technology of control that enables intercepting messages and monitoring online activities. Fuchs and Boersma (2013) stress that while the Internet provides new opportunities for consumer surveillance, it poses new risks for consumers at the same time.

Carpentier and De Cleen (2009) suggest that digital communication platforms motivate consumers to take part in the personalization process of their online experience and by doing so, users divulge their individual information while making a purchase or registering to a site on the internet. As mentioned before, these customers act as knowledge partners so they should be aware that they are a part of this process and companies should be able to offer them meaningful motivations for this partnership (Wilhelm et al., 2013). In other words, consumers add value to the business but what value

does the business provide to the consumer? Peppers and Rogers (2004) argue that customers who prefer to share personal information with companies will take advantage of individualization but will give up on their privacy to a certain extent at the same time. Even though consumers authorize a company to track their personal data so that they can benefit from customized offerings, the company still must assure consumers that their privacy will not be threatened (Peppers & Rogers, 2004). This practice has privacy implications and it is crucial for companies to take these implications into consideration in order to build a relationship based on trust with their customers.

What concerns consumers is that their personal information might be gathered and exchanged without their awareness or consent (Lester, 2001). Consumers share their personal data by signing up for loyalty programs, engaging with brands via their own social media accounts, or even by subscribing to email lists of companies. Although these actions are mostly considered voluntary, it is important to note that nowadays, proceeding with our daily lives without sharing huge amounts of personal data is almost not possible (Andrejevic, 2002). Furthermore, some scholars argue that customers deliberately offer their personal data in return for perceived benefits such as rewards or exclusive offerings (Elmer, 2003).

According to Pridmore and Zwick (2011), "the shift to digitized information is perhaps the most important aspect for understanding the monitoring and measuring of consumers and their consumption practices as a form of surveillance" (p. 270). This demonstrates that data collection can be viewed as a form of surveillance as well. Therefore, understanding how consumer surveillance is defined and practiced through data will help to answer the research question of this study which seeks to understand how marketing maneuvers are executed based on consumer data and how corporations actually perceive the impacts of surveillance activities for their businesses.

This background knowledge will help focus attention on concerns such as maintaining loyalty by companies, creating profiles and segments for marketing based on data. All in all, key concepts from the literature about segmentation, targeting, relationship marketing and consumer surveillance will serve as baseline theories for this research aimed at understanding the kinds of CRM systems used by companies as well as how they are instrumentalized in the practices of companies. In order to delve into the ways how collection and usage of consumer data by companies change the way they connect with their customers, a qualitative research design has been developed, which will be described in the following methodology chapter.

3. Methodology

In order to understand how companies in the Netherlands from different sectors collect and use consumer data to improve their business strategies and drawing on relationship marketing, segmentation, targeting and consumer surveillance, this research focused on a qualitative methodology which allows for a more in-depth take on the topic. In this chapter, the research design as well as how the data is collected and analyzed and will be presented. So in a way, the methodology will explain the path through which I followed to conduct this research.

3. 1. Research Design

This research is conducted to examine the role of consumer data in the engagement of customers by gathering information about the respondent's views and experiences. Therefore, the best way to answer this question is through a qualitative approach. In-depth qualitative research is likely to give an answer to questions about perspective; therefore, the research topic is usually approached from the standpoint of the respondent within these methods (Hammarberg, Kirkman, & de Lacey, 2016).

Among the qualitative research methods, in-depth interview is the most appropriate choice to implement in this study for several reasons. Interviews give the researcher more control over acquiring data compared to most of the other forms of qualitative data collection (Charmaz, 2014) and the data gathered from interviews are more suitable for interpretation (Denzin & Lincoln, 2011). Thus, this research relies upon a series of in-depth interviews to provide thorough information about the knowledge, emotions, opinions of the participants (Patton, 2005) and characteristics of a phenomenon (Curasi, 2001). Using this method enabled me to uncover the story behind the respondents' own experiences and to pursue in-depth information around the topic (McNamara, 1999). The conducted interviews incorporated open-ended questions and a semi-structured format which allowed having more flexible conversations and yielded documentation of systematic data for more profound meaning (Guion, Diehl & McDonald, 2001).

3. 2. Sampling Strategy

Given that the main purpose of this research is to examine how brands use consumer data to build a relationship with their customers and how they implement market segmentation strategies, this

study approaches the concept of consumer surveillance from a business perspective. Hence, to catch this perspective, this research is conducted with business people. The criteria of the interviewees' selection included working professionally at a company in the Netherlands, in the field of market segmenting, data analysis, customer targeting, business analytics, customer relationship management, and similar fields. The interviews targeted professionals who are currently working in consumer-facing companies or have previous experience within the B2C industry. The interviewees were picked deliberately based on certain qualities they possess, with the sampling technique of this research being purposive sampling (Etikan & Alkassim, 2016). This is due to the difficulty in contacting employees who match the selection criteria since ideal interview candidates would need to be involved with data at a large company. The elements incorporated in the sample were determined through subjective methods and randomization was not ought in this selection (Etikan & Alkassim, 2016).

I contacted most of these people through email or LinkedIn. In addition to this, I also have a personal contact who works at a corporation in the Netherlands who assisted me in reaching more relevant and high-profile people. Considering that the participants in this study consist of relatively hard-to-reach populations (Biernacki & Waldorf, 1981), I used snowball sampling as the most convenient sampling technique for this research due to its capacity of benefiting from organic social networks (Noy, 2008). After conducting the interviews, I asked the participants if there were other people they think could be helpful for me to interview. In this way, some of the interviewees connected me to other ones. Snowball sampling does have certain limitations, such as not being representative of a full population (Atkinson & Flint, 2001) because of the similarity of samples found through networks. Although, for this study, this is not a major concern due to its primary focus on corporations from different sectors.

The sample consists of ten people who all have jobs and roles that are related to data and its processing. Most of the interviewees work for large companies and all of them have experience with data collection. All of the participants live and work in the Netherlands even though some of the companies they work for are multinational. Considering the sensitivity of shared information, in order to protect the confidentiality, the names of the companies and participants were anonymized by giving pseudonyms to each interviewee. The following table introduces the respondents and the companies they work or worked for:

Pseudonym	Job Title	Company
James	Business Intelligence and CRM Consultant	a Dutch car sales company (former employee of an electronics company, a fast-food chain and of a consumer electronics company)
Harry	Chief Executive Officer	a Dutch IT solutions company
Sarah	Principal Data Solutions Engineer	a Dutch IT solutions company (former Executive Director of a travel solutions company)
Amanda	Data Engineer	a Dutch IT solutions company (former employee of an online supermarket company)
Mark	Chief Technology Officer	a Dutch IT solutions company
Emma	Data Scientist	a Dutch intermediary firm for homeowners and service professionals (former employee of an e-commerce company)
Peter	Executive Director of Digital & Innovation	a Dutch private banking company
Lucy	Business Analyst	a banking company
Kevin	Head of Growth & Analytics	a Dutch online event ticketing company
David	Co-Founder and Head of Growth	a Dutch growth marketing agency (former employee of an e-commerce company)

3. 3. Operationalization

The design of the interviews contained questions leading to answer the research question and the sub-questions of this research. As this research was conducted with semi-structured interviews, I used a guideline including questions under certain themes but these questions also allowed follow-up

questions and probes with the intent of delving deeper into the topic and comprehending the answers in a more thorough manner (Harrell & Bradley, 2009). The follow-up questions asked for an explanation of certain concepts and the probes assisted me in managing the conversation by asking for examples or clarification (Rubin & Rubin, 2011). In the following, the description of the topics that were asked during the interviews will be introduced. The interview guide developed and used can be found in *Appendix A*.

Preliminary questions consisted of a set of introduction questions to get to know the participants better and also to make them feel more comfortable during the rest of the interview. This way, first I had an idea of the participants' background and work experience. Then, questions regarding the implications of relationship marketing were asked to understand how companies connect with consumers. The next questions were focused on the process of gathering and using consumer data. At this part of the interview, how corporations collect consumer data, what types of data they collect, and how they make sense of the data after collecting it were investigated. The main purpose here was to understand how their knowledge from collected data changes the way they connect with customers. Finally, questions about the perception of targeted strategies were asked. Questions for this topic covered the opinions of businesspeople regarding the impacts of target-oriented practices. In addition, since these practices have privacy implications, a question about the privacy restrictions was also included.

3. 4. Data Collection

Due to the COVID-19 pandemic, interviews were not able to be held in a face to face session, therefore, the practice had to shift to an online environment. This had both advantages and disadvantages. This way, interviewees were able to participate in the research in a safe environment, at the time of their preference. Moreover, the interviews were less time-consuming since no traveling was needed. However online environments for research are considered as less personal and less intimate (Gideon, 2012). In the case of participants feeling uncomfortable, I was not able as the researcher to see the participants in person so giving attention to body language and gestures which are also commonly used for analysis was harder. For this study, 10 people were interviewed in total. Before starting the interviews, I informed the interviewees that I will anonymize all names during transcription to assure them that the confidential information belonging to their firms will be protected. The average length of the interviews was 45 minutes. Some of the interviews were slightly shorter because several

interviewees had some time constraints. Zoom and Microsoft Teams were used as platforms to conduct the interviews which were recorded with the consent of the participants.

Afterward, the interviews were transcribed, and in three of the cases partially translated from Turkish to English because three of the respondents preferred to answer the questions in their native language. For transcribing I used AmberScript which is a transcription service to speed up the process and save time. Still, after the transcriptions were prepared by the program, I went over each transcription by listening to the recordings and corrected mistakes such as misheard words, misspellings, or typographical errors. This way, I ensured the accuracy of transcriptions. I transcribed all the recorded material orthographically which means that I generated a verbatim transcription of both verbal and non-verbal (e.g. laughs) expressions. After transcribing all of the interviews I started the coding procedure. After systematically conducting the research, I analyzed, and interpreted the gathered data, translated the identified themes into results with the aim of answering the research question along with the sub-questions.

3. 5. Data Analysis and Interpretation

Taking the purpose of the research and the process of analysis into account, to answer the aforementioned research questions, after collecting the data, the answers were analyzed through a constructivist grounded theory approach. This method which can be used as a “heuristic strategy” (Clarke, 2003), enabled developing useful, analytical categories (Dumitrica & Pridmore, 2020). Although constructivist grounded theory is similar to thematic analysis in many respects, especially in terms of their steps to be followed and their focus on finding relevant themes, constructivist grounded theory remains inductive throughout the process, unlike typical thematic analysis processes. (Dumitrica & Pridmore, 2020). Therefore, the analysis was essentially based upon the data instead of established theoretical concepts (Braun, Clarke & Hayfield, 2015).

Corbin and Strauss (2014) suggest that “coding requires searching for the right words that describe conceptually what the researcher believes in the meaning of data”. The data was coded manually without using any software tools. When new codes or themes stopped to emerge and the current ones started to repeat themselves, the analysis reached the level of saturation (Charmaz, 2014). Although I got inspired by the literature to discover potential connections between the categories, I limited preconceived concepts as best I could during my analysis (van der Steen, ter Riet, van den Bogert, & Bouter, 2019). The data analysis part of this research consisted of three phases as open

coding, axial coding, and selective coding, respectively. After determining all of the open codes in the first step, I developed more abstract, descriptive codes during the axial coding, and finally, I built the main categories (Dumitrica & Pridmore, 2020).

To begin with, the data material which is transcribed interviews in the case of this research is broken down analytically to create open codes (Flick, von Kardoff & Steinke, 2004). The main purposes of this step are “to conceptualize and label data” (Moghaddam, 2006). It is important to note that some of the concepts were repetitive. However, since the codes were generated manually, these repeating wordings were not presented as separate codes but instead, introduced only one time in the coding scheme. While creating the open codes, I described the actual statements of respondents in a single word or in a short sequence of words. Then, the codes that belong to the same theme according to my perception of relevancy were grouped together.

The next step was to create axial codes from the open codes. This process is defined as “linking a category at the level of properties and dimensions” by Corbin and Strauss (2014). The aim of this step was to refine the concepts and transform them into categories thus, here it was necessary to understand what the collected data referred to and to what were the interactions in the data related (Flick et al., 2004).

The final step of the coding process was developing selective codes which were created by narrowing down the axial codes and determining the overarching themes. These main categories were created based on the ground of open and axial codes which were outlined in the previous steps. The four selective codes were namely “Connecting with consumers”, “Modernization of data systems”, “Customer understanding through data” and “Violation of privacy”. The following chapter of this thesis will analyze the data gathered from the interviews.

3. 6. Validity and Reliability

Leung (2015) argues that considering various forms of qualitative research, it is not possible to reach a consensus while evaluating qualitative research by its interpretative nature. Meyrick (2006) suggests that in order to make sure qualitative research is good quality, it needs to meet the dual-core criteria of ‘transparency’ and ‘systematicity’. Noble and Smith (2015) suggest that qualitative researchers intend to “design and incorporate methodological strategies to ensure the trustworthiness of the findings” (Noble & Smith, 2015).

For this thesis, the research question was developed and finalized after attentively assessing previous studies focusing on the topic. The use of purposive sampling allowed focusing on a population of interest that enabled me to find answers to designated research questions. In-depth interviews helped to gather more detailed and descriptive data (Charmaz, 2014). A grounded theory approach to coding allowed constructing inductive conceptual categories based on the gathered data (Charmaz, 2014). The elaborative discussion organized from the results which will be presented later in the next chapter and the transcripts prepared from the recordings of interviews enhanced this study's validity as well. Moreover, to ensure the validity of this research, how data is collected and analyzed is demonstrated in detail.

To ensure the reliability of this research, a systematic pattern was followed throughout the whole process and the collected data was presented as transparent as possible. Interviewing family members or friends was avoided with the aim of conducting credible research. The prepared interview guide formed the basis of interviews and the verbatim transcriptions captured each word in exactly the same way they were spoken. Additionally, the provided theoretical framework allows the readers to assess this study critically by indicating the assumptions behind this research.

4. Results and Discussion

This thesis aims at exploring the perception of businesspeople in the Netherlands on how the way companies connect with their customers changed based on collected consumer data. In this chapter, the findings of the conducted research will be presented with the intention of finding answers to the above-introduced research question and sub-questions. These questions investigate how consumer-facing companies collect and use consumer data as part of their marketing strategies and how these strategies are perceived by them. As this research was qualitative, the results of the findings are directly connected with a discussion of relevant concepts in literature.

4. 1. Connecting with Customers

Corporations aim to build solid and lasting relationships with their customers (Kotler, 2002). The main purpose of creating these relationships is to motivate consumers to become and stay loyal to their brand (Dyché, 2002). The interviews included many key elements of this concept of a relationship marketing approach and customer loyalty. These elements were gathered under the theme of “connecting with customers”. Understanding how companies connect with their customers is important for this research which aims to examine in which ways and to what extent this connection is affected by the collection and usage of consumer data.

4. 1. 1. Triggering Customer Engagement

The literature suggests that initiating and managing customer feedback is central to customer engagement since it can be seen as a form of a voluntary contribution to the corporation (Carlson, Rahman, Voola & De Vries, 2018). Similarly, the participants stated that an important part of engaging with customers is to obtain feedback from them based on which they are able to improve the customer's experience with the brand. When they were asked how their company connects with customers, 8 out of 10 respondents highlighted the importance of collecting and using customer feedback in their answer. For instance, David, as the Co-founder and Head of Growth at a growth marketing agency, argues that the feedback a company gets from its customers should drive the way that company communicates with these customers.

The participants mentioned various ways of gathering feedback from consumers. The banking company Lucy works as a Business Analyst regularly conducts surveys for customer satisfaction to

understand how they can make the customers feel better and how they can improve their performance according to the results. Carrying out A/B tests from digital communication channels and sending emails for reviews are other ways the respondents use to gather feedback from consumers. It is interesting to note that these collection methods are mainly based on digital platforms and therefore rely on consumer data.

Additionally, the participants mentioned the use of “trigger marketing strategies” as sending messages and reminders to current or potential customers as a way of encouraging them to engage. The interviewees indicated that the main marketing channels they use to trigger customers are websites, emails, digital questionnaires, SMS, mobile app, and digital advertisements. According to Emma, for companies who offer a service through a mobile application, notifications are the practical and cost-efficient way of advertising which allows companies to “poke their customers nicely”. This way companies motivate customers to take action on connecting with the brand which can be helpful for companies in boosting customer engagement.

Some of the participants further describe customer engagement as a key component of a customer-centric mindset and impress on the importance of activating the customers by addressing their interests rather than triggering them by pushing products. In parallel with this, Venkatesan (2017) suggests that companies should trigger conversations about topics that are important to their customers instead of just promoting their product offerings so that they can amplify customer engagement on a deeper level. If a company starts a conversation about the things the customer likes or interested in, the customer is less likely to feel overwhelmed with the offerings. In this sense, as previously suggested by the theory, in order to connect with customers, companies must move from a product-oriented approach to a customer-oriented approach (Dyché, 2002). Statements of James, a Business Intelligence and CRM Consultant are in line with the above theories:

“During my career, I saw that a lot of CEOs and managers still do not see how important customer engagement is so they still focus on the product. They constantly think they need to sell more. They are thinking in a short sprint whereas customer engagement is actually a marathon. So it takes more time and consistent investment but if you don’t do it, you will not live up to the expectations of customers, and they will probably go to another company. (...) One cannot think of CRM using only as a push canal without thinking of the satisfaction of customers. If you only say ‘Buy this’ over and over and over again, eventually they will leave you.”

As mentioned many times in the theoretical framework, being able to incorporate customer orientation requires knowing the customers better. This concept will be discussed more in detail in the following subsection.

4. 1. 2. Building Relationships

As suggested above, it is vital for companies to know their customers better in order to create and maintain a relationship with them (Gebert et al., 2003) and this was one of the prevalent themes in the conducted interviews. In this sub-section, the key elements that lie behind the concept of having a relationship with customers will be elaborated from the perspective of corporations.

The findings of the interviews show that all participants believe in the importance of establishing a relationship with their audience. However, some respondents emphasize different components of this relationship than others. For instance, Amanda and Lucy point out that informing the customers transparently and instantly whenever there is a situation of which the customers should be aware, should be the priority of corporations while building relationships. Data technologies make it easier for companies to provide this transparency and instantaneity. On the other hand, Harry, as the CEO of a company, believes that the key to building long-term consumer relationships is putting more focus on marketing efforts which are again, improved based on customer data. According to most of the participants, building trust and being reliable plays a vital role in creating strong and lasting relationships with customers. This means that companies should ensure that their customers feel safe and secure as Peter claims:

“There should always be a trust relationship between bankers and their clients. We have a name and we don't want to waste that trust. So we do everything in our power to keep and to maintain that trust. (...) If the trust is gone, then the bank is gone, basically. So the most important asset we have is the trust relationship.”

As a former Business Analyst and a current Data Engineer, Emma underlines the value of interactive customer relationships as well. She believes that people who work with consumer data, regardless of how technical their job is, must pay regard to the concept of customer relationship because, in the end, “they affect a person’s decision by changing the behaviors of customers”. The interviewees also highlight the significance of having a personal, one-to-one relationship with clients. Both the literature and the results of the interviews demonstrate that developing and nurturing this relationship requires corporations to understand who their customers are. The participants believe that

if companies know their customers better, they are able to connect with them better and that this knowledge relies on data. Especially David expresses his strong opinions about this as:

“Companies have the responsibility to better understand how their customers behave, what motivates them, to what they are sensitive to, and also what they value in your product. If you don't know your customers, then what are you doing as a company? A fundamental aspect of building a business is understanding who buys your product and why that person buys your product. So you need to understand what kind of problems your customer is experiencing, why they think it's a problem, how current solutions are not fulfilling their needs, and how you can fulfill that need. Once you know how to communicate that need, only then you can start scaling your sales operations and support your customers in a better way.”

Moreover, according to the participants acquiring customer loyalty is also harder for companies that do not understand their consumers because then they would have to guess what they want and there is a big difference between guessing and knowing. Thus, the next subsection will examine how customer retention and loyalty are created through the use of data which were also recurrent concepts that were noticed in the interviews.

4. 1. 3. Retaining Customers

Both triggering customer engagement and developing relationships aim to foster loyalty (Ndubisi, 2007). Another key component of connecting with customers is to retain them and this can also be seen as part of relationship management since the implementation of CRM activities reinforces customer retention (Ledingham & Rigby, 2004; Winer, 2001). Some of the participants mention that their companies use various promotional tools to attract customers which enables them to lure customers in their loyalty program. They also emphasize that nowadays these marketing tools are mostly data-driven. Understanding how corporations approach customer retention will help to discover what motivates customers to be loyal to the company and how data is used to create and maintain this loyalty.

James suggests that “if a customer is not becoming part of a company’s loyalty program, there is no point in creating a relationship with that customer”. Sarah believes that the only way to build customer loyalty is to trace the activities of clients starting from their first connection with the brand and find out what is happening on that path and she further argues that CRM practices came to life

because companies realized this. Data is crucial for this practice as companies follow the activities of their customers mostly from digital channels. For example, 'the push notification strategy' which gives companies the opportunity to remind the customers of them was mentioned as a way of retention that companies use to bring the customers back when they leave the brand.

David points out that in order to improve loyalty and retention of customers, companies should follow an ongoing sequence through which they explain how they are going to add value to their lives.

He describes this process as follows:

"How would your user initially find out about your product? So that might be through one of the digital channels like Facebook ads. So one person clicks a Facebook ad, it comes to the landing page. How are you going to acquire him into your customer base? So you want to ask for an email address. They leave their email address. You have acquired that but now you want them to purchase your product. So how are you going to activate them? They purchased the product. So now you want them to keep purchasing your product. How are you going to make sure that they are retained? So if you want to have good retention, you need to have a product that actually delivers value."

David's framing of this process matches Gutman's (1982) means-end chain model and Woodruff's (1997) customer value design. These theories and statements draw attention to the necessity for organizations to add a certain value to their clients through their offerings or services. Because what motivates customers to be loyal and what forges relationships between companies and consumers depend on the value they offer. The interviewees state that since the use of consumer data helps to enhance the value delivered to the customers, it also assists in increasing customer loyalty. How this value is enhanced on the basis of data will be explained in detail later in this chapter.

Previously in the theoretical framework, it was noticed that different relationship marketing models show general similarity in how they approach the process of developing lasting relationships with consumers. In a similar manner, these findings from interviews demonstrate that people working within a business share more or less similar opinions about the construction of customer relationships overall. Considering that this thesis focuses on examining how these relationships are affected by the collection and usage of data, the next chapter will delve into the ways data technologies shifted the connection between companies and their customers.

4. 2. Modernization of Data Systems

As stated before, as a result of digitization and digital transformation, businesses are moving toward a more data-driven culture (Arthur, 2013). Hence, the integration of digital technologies has impacted the relationship between companies and their customers. One of the overarching themes that were discussed broadly during the interviews was the modernization of data systems. Under this theme, the approach and perception of companies toward this digital integration will be explored.

4. 2. 1. Digital Savviness

Many scholars argue that consumer data can function as a powerful source of competitive advantage for all companies and for all industries (Hogan et al., 2002). The participants shared the same view as they highlighted that it is important for companies to integrate new data analytical technologies. They also mentioned that the business models of companies have shifted from manual to digital processes as a result of these technologies. Obviously, this transition into digital platforms inherently requires collecting consumer data. Lucy even argues that “it will not be possible to do anything without using data in the future” and as for her, this applies to all companies regardless of their size or the market they operate in. However, a number of respondents argue that this transition into being data-driven can be difficult for larger and older companies. This is also reflected by the literature which suggests that it can be more challenging for big old companies to navigate digital transformation (Sebastian, Ross, Beath, Mocker, Moloney & Fonstad 2017). Peter has interesting insights into the concept of digital savviness as well since he is currently in charge of the digital transformation process within the organization he works at. He speaks about the way his company conducts business has changed as digital technologies have progressed. The findings demonstrate that being digitally savvy is important for these companies to streamline their business processes.

Bayne and Ross (2011) suggest that young people adopt faster and more effectively to digital technologies compared to older people and some of the participants add to this by comparing the digital orientation of young and old consumers. Lucy says that if younger customers have a specific problem, the company communicates with them from digital platforms. However, when there are older customers who are “worse with technology”, they deal with their problems in different ways such as calling them by phone. She implies that younger generations are more digital-oriented compared to

older ones so the company adjusts their manner of communication according to the digital orientation level of their audience. Considering that old consumers are facing more struggles to adapt to this digital process, Mark often emphasizes that companies must take into account the older generations that are also being forced to embrace digital life. His perspective about this issue differs from Lucy's as he believes companies should contribute to the adaptation of older consumers rather than choosing to communicate with them from offline platforms. Like Lucy, Harry mentions this contrast between different age groups by emphasizing the need to mix online and offline presence:

"It has to do with age. Like you and me, we are very digital-oriented. We look on the Internet, we do not call someone if we need some basic information that we can find online. But older people at the age of 50, 60 are not as digital as most of the younger generation. So it's always a combination of your online presence and personal contact because, in the end, you want them to become a more strategic part of your company."

On the other hand, David who is currently working with numerous consumer-facing companies through his marketing agency shows a critical approach towards companies that he believes are still not aware of the impact of digitization. He strongly thinks that digitization should deeply change how businesses reach their customers and that the communication process can be automated in order to save time. He describes digital channels as "more efficient and more measurable" compared to the non-digital counterparts of marketing channels. Similarly, Sarah finds most organizations have insufficiently adopted a data-driven culture, as she claims:

"There are actually a lot of companies that call themselves data-driven, but they are not. Because a data-driven company is the company that collects, stores, processes data, and takes actions based on these data insights. And if you're saying that you are a data-driven company, but taking all decisions only based on some reports that you get once per month and if all decisions are taken by the same group of people, you are not a data-driven company. (...) A lot of companies call themselves data-driven but it's just the same company with new marketing buzzwords."

All participants expressed that they are heavily relying on consumer data while making business decisions or applying marketing strategies. Amanda and David both agree that data has lots of potentials to conduct interesting analysis. James considers Big Data as the "hot thing" and argues that companies must follow this trend because if data is interpreted correctly, it allows corporations to make huge impacts. He asserts that being a more data-driven company enables being "more relevant" to customers, which was previously suggested by Peppers and Rogers (2004) as well. According to James,

all companies would like to become more data-driven and they think they have become data-driven but in the core, they are still product-oriented. He emphasizes that data is a determinative key component of being digital savvy:

“People tend to think with their gut feelings and at times data shows some things which are against the gut feelings. What do you do then? Do you follow your gut feeling or do you follow the data? I witnessed that when you follow the data, you get surprising results. Seeing the surprised expressions on the faces of your colleagues who were very skeptical about you, is like a victory, an achievement. (...) That is the power of data.”

Another participant who highlights that data technologies empower businesses is Harry as he suggests that “the complete integration to data and the multi-channel approach is key to success”. Emma, as she talks about her experience at the e-commerce company she used to work at, implies that not listening to advice based on data can even damage the company. She recommends that before making any kind of investment, two things are essential: conducting market research and making a prediction. Moreover, she highlights that this research and prediction should be on the basis of data because “it is absurd to invest in something without knowing where it is going”. Emma even alleges that “any person who acts without looking at the data is stupid”. Similarly, David states that before implementing any marketing activity, it is crucial to have proof and confirmation from the insights of data. He further claims that “data trumps all opinions” and that companies that do not base their practices on data are wasting resources.

Even though the participants frequently emphasize the importance of digital integration, they also speak of certain social issues in the relationship with customers, caused by digitization. In the following subsection, this perspective will be further analyzed.

4. 2. 2. Customers as Numbers

Some scholars suggest that digital platforms have the effect of weakening intimate relations and commodifying connections. (Dobson, Robards & Carah, 2018). Most of the respondents shared this opinion as they stated that although digital tools offer various benefits to companies, they need to be used carefully because digitizing business processes might also bring along impersonality. In this context, Amanda gives the example of chatbots. She thinks that chatbots might not be always very helpful when customers try and expect to reach an actual person and cannot solve their problem through an

automated system. The interviewees also highlight that companies should always maintain a personal conversation with clients because when they interact personally with the customers, they learn more in-depth information about their audience. This is why companies should support their offerings with digital tools but still maintain a personal relationship with their consumers. Yet, Peter believes that keeping a personal aspect in online relationships is more difficult compared to offline environments because when interacting through digital platforms, customers are more prone to feel that the communication is directed towards a large community and not specifically them. Nevertheless, this contradicts the argument of Mathwick (2002) who suggests that online interactions are as intimate and emotionally rich as offline relationships.

Digital integration involves a major cultural change and some of the respondents believe that trust-building which is crucial in business, is more difficult from online platforms, without a face to face encounter. Businesses that incorporate this integration need to build a trust relationship with their customers digitally. Furthermore, despite the functionality of these data systems in many ways, some of the participants consider them inadequate to discover profound meanings underlying some activities. Emma even states that data technologies are not only insufficient to conduct in-depth analysis but also negatively affect the depth of the relationship between the company and the customer due to the lack of intimacy as she claims:

“Customers are becoming a number on a dashboard for companies and we are losing some humanistic components. I don't know if this is a good thing or a bad thing but if I have to put myself in the customer's place, I would say, we cannot experience more intimate things.”

This shows that alongside its benefits, collecting vast amounts of data might also encourage companies to think of their customers as numbers rather than people. Very similar to Emma, James points out that no matter how much analysis is conducted on the basis of data, for the computer, the results will be just “1's and 0's”. This means that companies have to put the effort into understanding what those numbers actually mean. The next section will explore in detail how these efforts are practiced.

4. 3. Customer Understanding Through Data

As demonstrated both by the literature and the findings derived from the in-depth interviews, consumer data allows corporations to get to know their consumers better which is essential to develop and maintain a strong, long-term relationship with them. In fact, all participants mentioned the fact that data makes it easier for them to understand who their customers are. The motivations underlying this practice were already explained above. This section will describe the types of consumer data collected by companies, how they are collected, and finally are integrated into business strategies as these were prevalent concepts that were discussed by interviewees. This theme touches upon the sub-themes of understanding customers based on data, introducing the types of consumer data gathered by corporations through monitoring, followed by explaining how valuable insights are extracted from that data and finally delving into the ways they enable market differentiation.

4. 3. 1. Monitoring Consumers

In general terms, the findings of the interviews demonstrate that companies collect various types of data such as geodemographics, psychographics, behavioral data, and data from web traffic which were all introduced above in the theoretical framework (Harris, 2003; Sauro, 2015). The respondents state that this information was collected through websites, phones, mobile applications, and sometimes from external third parties.

The collection of geodemographic data was frequently mentioned among the participants. The participants state that consumers who live in different regions show different kinds of buying behaviors depending on their living areas. Thus, collecting geodemographic data makes it easier for companies to identify the groups they should interact with. On the other hand, psychographic data is the least common kind of data that was mentioned during the interviews. Several participants referred to this type of data as their firms collect information about their customers' fields of interest and personality traits. The behavioral data gathered by organizations mostly consists of information about consumer behavior such as time of order, purchase history, buying habits, shopping frequency, and payment method. For instance, both Kevin and Peter's company focus on collecting product-related data which enables them to understand how customers interact with the offerings and contents of the brand.

The findings show that companies also gather a vast amount of data by monitoring the users' web traffic including clickstream, data sessions, mouse movement, scroll movement, click-through rate, eye gaze from the camera, cookies, screen image, and IP address. This type of data is also considered as non-self-disclosed information (Taylor, Davis & Jillapalli, 2009). It was also mentioned during the interviews that some corporations even record the web sessions and screens of users so that people who analyze the data can see on which parts of the screen the customer clicks or at which parts of the screen the customer spends more time. Amanda also talks about another way of data collection which she qualifies as "shocking":

"If your camera is uncovered, there are some companies that might track your eye gaze, like where you look at the screen and how long were you looking at the screen, in which section. Because if you just scroll, they are not sure what you like or you don't like. So if you fixate your look at one certain product all of the time, they will know the thing that grabs your attention."

While talking about different kinds of data, Mark makes a sharp distinction between qualitative and quantitative data. He suggests that it is easier to obtain quantitative data e.g., how many things a customer puts in the shopping basket. However, he believes that the most important thing is to understand:

"How was he feeling at the time when he made that purchase? What happened during that week? This person always buys on Monday afternoon, why? Does he go to the gym on Monday for his yoga class and afterward does he pass in front of [a supermarket chain]? Has he put that into his schedule? All these kinds of qualitative things are really much more eye-opening. This is why we always try to do UX (user experience) research groups in the companies I work for so that we can get the qualitative part. (...) You don't get these kinds of things by just playing with numbers, you actually have to interact with the user to gather that."

With his above statements, Mark also focuses on the struggles of interpreting collected data through its potential and limitations. According to him, since companies want to see a large quantity of data, they usually overlook that with qualitative insights, they can have a more close and direct relationship with consumers. He argues that qualitative information is less obvious and harder to acquire compared to quantitative data. Similarly, David emphasizes the need for qualitative

understandings and mentions that his company often conduct sentiment analysis on qualitative data sets to examine the attitudes of consumers towards their products. Despite its large potential, a limitation of qualitative information was brought up by Mark as he states that through qualitative data “it's always tricky to have a representative sample of the population”. This limitation is also reflected by Queirós, Faria, and Almeida (2017) as they highlight that qualitative data is not concerned with numerical representativity. Mark adds to this approach from the business perspective as he argues that companies are not much preoccupied with whether the findings are statistically relevant or not because they only care about the profit it brings to the company. He claims:

“You have a business idea. You iterate on it and you try. If it makes more money or it is better for the company, the company does not care if there was statistical significance or not.”

Since most of the participants emphasized that the information they gather will not be functional unless it is evaluated and interpreted in a proper way, another prevalent concept that was discussed is the ways of extracting value from data. The essentialness of deriving meaningful insights from data has been discussed by Rollins (2018) as well as McKinsey (2016). Hence, the next subsection will outline how companies transform the consumer data they collect into consumer insights.

4. 3. 2. Extracting Value from Data

Before starting to analyze and interpret the collected data, companies need to be sure that the data is clean and ready to use. Data cleaning which plays a key role in the data mining process, “deals with detecting and removing errors and inconsistencies from data in order to improve the quality of data” (Rahm & Do, 2000). The data cleaning process is described by the participants as “transforming the data for use” or “crunching numbers in order to manage data quality”. This means that after gathering the information, companies need to restructure the data to make it usable, especially if they are working with complicated data. Otherwise, they could even get the wrong conclusions from it. Some of the participants suggest that removing duplicates is a big part of this cleaning process. The data software companies use should be able to identify duplicates and adjust them in order to avoid data pollution.

After making sure that the quality of data is good, the data can be used to identify patterns and correlations. James suggests that it might be easy to see the correlation between phones and phone cases. Yet, some correlations may be less obvious than others. He bolsters up his point by the following example which includes an unexpected connection between two different products:

“I will give you an example from [a consumer electronics retailer]. Horror movies and baby monitors. Apparently, parents like to watch more horror movies while their baby is sleeping perhaps because they are cuddling more, I do not know. That is what the data is showing. By using data, the sales of horror movies were increased at a significant rate.”

In this case, the baby monitors triggered the suggestion to buy horror movies on the company’s website. After detecting these correlations, data analysts prepare reports and based on these reports, predictive models are built through machine learning systems. Exploring how corporations process raw data collected from consumers and derive meaningful findings from it will help understand how consumer data is used by companies for commercial purposes. At this step, a variety of data mining techniques can be used, and each data mining technique has its own purpose thus it is important to choose the most convenient one depending on the nature of the question to be answered. So companies must decide what is the specific purpose of gathering the data in the first place before it is collected, sorted, stored, and processed. Sarah affirms that the data collection should serve for answering a specific business question and expresses her concerns about triggering data corruption through her following statements:

“What kinds of insights I can extract from this data and what kinds of actions I can take? I can create marketing campaigns, I can offer discounts or promotions. So the main idea is to collect raw data and get some meaningful insights and take action. (...) You should know why you need your data. Collecting the data and then later seeing what you can do with it is a wrong approach because a lot of data can be corrupted.”

Predictive models are used for various reasons by companies and several of these were mentioned during the interviews. These models which rely on consumer data can be used when developing recommendation systems, building campaign strategies, or measuring the effects of a marketing campaign. Furthermore, predictive models can indicate when customers are about to leave the brand which gives companies the opportunity to take precautions to prevent that action. This shows that deriving meaningful insights from the gathered data and reflecting them to the customers successfully can provide marketing opportunities and can also be useful in retaining customers.

When talking about how data is transcribed and transformed into insights, Mark accentuates the importance of taking experienced people’s perspectives into consideration since he believes that “data just tells one part of the story but might miss a lot of contexts”. He criticizes the data scientists

that do not care what people who are experienced in business think and suggests that validation from data findings must be combined with the expertise to accomplish the best outcome. This argument of Mark matches the theory of Nagar and Malone (2011) suggesting that cooperation of human expertise and machine intelligence can provide the companies with the best results when making business predictions. As speaking of combining different elements to obtain the most optimal results, the term “data enrichment” which simply means collecting different data from different sources and merging them to enhance data was also mentioned during interviews.

These findings show that by analyzing gathered data, companies are able to optimize their business decisions. Depending on the question companies want to answer, insights from data can guide them on how to serve customers in a better way and how to elevate their performance. Therefore, the next subsection will describe in which ways companies improve their strategies relying on consumer data.

4. 3. 3. Data-driven Market Differentiation

The concepts of implementing segmentation and including targeting practices into business strategy were prominently discussed within the context of data-driven market differentiation. The previous literature reflects that in order to accomplish this differentiation, companies segment their customers and incorporate target-oriented strategies (Cahill, 2014). This sub-section will help to understand how companies carry out this process in practical terms. As discussed by Armstrong et al. (2014), the first step of this process is to divide the market into customer segments.

Segmentation can be based on various characteristics of consumers. Living areas, life-stage, consuming habits, and personal interests were the most commonly mentioned segmentation variables. Both James and Mark emphasize that the main objective of companies when grouping and categorizing customers based on the collected and manipulated consumer data is to form specific consumer profiles and personas. Their framing of this practice is similar to the concept of digital persona which was introduced by Clarke and Greenleaf (2017). Companies can segment their customer base according to their levels of loyalty as well (Knox, 1998). An example of this type of segmentation is practiced by Emma’s company which segments its clients depending on how ‘active’ users they are. James highlights the importance of identifying and maintaining loyal and profitable customers and he says: “In the end, everything is about money, so it needs to be profitable. It's not a charity”. This point he makes shows an explicit resemblance to Mark’s approach in which he suggests that profitability is the main concern of

every business. Where the limits of the pursuit of maximizing profits should be is a critical aspect that also incorporates ethical issues which will be discussed in detail in the following chapter of this thesis.

The strong inherent correlation between segmentation and targeting was discussed above by different scholars (Bennett & Entman, 2000; Dibb & Simkin, 1991; Weinstein, 2013). The findings of the interviews similarly demonstrate that only once the market is divided into customer segments, companies can start to target their audience. For this reason, how created segments are used in the implementation of target-driven strategies was also a widely discussed concept by the interviewees.

While explaining how their companies differ from their competitors through these strategies, the respondents stated that insights from consumer data allow companies to implement a more personalized marketing strategy that enriches customer experience. Here, it is important to stress the notion of personalization since it was touched upon in each interview, one way or another. James implies that personalized emails were constituting the biggest part of CRM activities in his former company which was regularly “triggering certain types of customers with certain types of campaigning”. Peter defines personalization as “tailoring offerings” as he says that each customer wants to feel special and demands tailor-made products. This adds to the theory of Chen and Popovich (2003) who describe this practice as tailoring business offerings to maximize customer value. Even though Sarah agrees that companies need to understand who their customers are in order to customize an offering, she also has a different perspective on the definition of customization compared to other respondents. She suggests that in order to implement customization, companies must build those offerings together with the clients based on their particular needs. She explains:

“You only collect customer information in all possible manners and try to see some patterns in this information. (..) For example, I noticed that you are looking for red shirts. So I say, ‘Okay, maybe she's a fan of red shirts. Maybe I should give her a discount for red shirts.’. But I can't say directly that it is really 'customization'. (...) In real customization, you see the results, you interact directly and you immediately see feedback.”

Moreover, as reflected by Kelati and Maslo (2018) the value of each customer for the company is not equal therefore businesses need to prioritize their customers in a sense. Several participants strongly agree with this as they imply that some customers are more valuable than others for the company. In this context, the notion of customer selectivity which was previously discussed by Khan

(2008), was brought up during the interviews as well. According to the participants, depending on the nature of their business, companies must find out where their “ideal” customers reside. The corporation Harry works at follows specific criteria for selecting the customers who are “the right fits for their company”. Similar to him, James argues that companies can and should make a selection between customers during the targeting process as not all customers are “healthy” for the company. For example, he talks about the customers who retard their payments as follows:

“What do you do with these customers? You let them go to the competition. Let them go! (...) Why would you want them to be loyal? In the end, they are costing you more money. So data can help you see which customers are healthy for your company.”

For Kevin, implementing the right targeting strategy, at the right time, from the right channel, aiming at the right customer, with the right product offering is crucial. He talks about targeting as follows: “Even though they are considered as bullsh*t concepts, targeting and timing are very important for retaining the customer.” Additionally, the findings highlight that targeting is an ongoing process and since a single formula that fits all does not exist, these strategies and practices need to evolve constantly.

According to the findings of interviews, companies discover patterns and correlations in consumers’ behaviors so that they are able to optimize and idealize those behaviors through marketing efforts. This means that companies aim to change the behavior of customers in line with their own interests and they benefit from consumer data to achieve this. As much as all of the interviewees lay emphasis on the valuation of target-oriented strategies based on consumer data, they also mentioned several struggles of these strategies as well. Thus, the following subsection will describe how business people interpret the challenges of targeting strategies.

4. 3. 4. Struggles of Target Orientation

The first challenge that was discussed among the respondents is their concern about missing out. This means that if the companies realize that one target group works and not focus on any other groups, there is a chance they might be missing out on potential audiences. Therefore, it is crucial for companies to implement a target orientation that is in moderation and in balance. This means that organizations need to avoid “getting stuck in over-customized, small groups”. The same concern was previously discussed by Lamb et al. (2008). These findings add to the theory of Havaladar (2005) who

suggests that targeting might not be profitable or beneficial when the targeted market is too small in terms of size. Peter defines this challenge as “bubble thinking” to which he believes that all companies that implement targeting strategies are vulnerable. This means that when companies focus too much on targeting, they create “ideal bubbles” in which the customers are only exposed to same kinds of contents. In order to avoid this limitation, companies should make sure that they offer a variety of choices to their audience. Mark describes the same struggle of targeting as “the lack of serendipity”. What he means by that is when companies target a particular group or offer specific recommendations, they might face a challenge:

“If you start to segment too much you might think 'This person only buys hamburgers and bread. So let's offer them mustard'. And if you always do that, then you lack the surprise, the serendipity effect. How do you add that thing to your model that can keep learning? A machine-learning model always has to be open to new experiences. When you start to target and filter too much and you start to create bubbles. And we've seen that with the feeds of Facebook and Instagram. (...) You only see the people that you agree with but that doesn't reflect the reality and we have to be careful by doing that when we target audiences.”

On the other hand, David believes that from a capitalistic perspective, companies are able to optimize their business processes, to be more efficient, and to deliver more relevant messages to their customers with the help of these strategies. So according to him, from the business perspective, the only difficulty of target-driven strategies can be due to lack of knowledge and expertise in this field. Thus, another challenge of these strategies might be the requirement of employees with specific skills who are able to gather and interpret data, create models, and then integrate them into business strategies.

Furthermore, it is important that while collecting information from consumers and using that information to target them, companies should be careful about not scaring or disturbing the customers in any way. This point is highlighted by Peter as he thinks that companies should be very sensitive about how they transfer their information to customers. For instance, if a banker calls his client and directly asks him why he is about to leave their bank, the client would be confused about how the banker has access to this knowledge. Hence, it is important for companies to bring that knowledge into their conversation with the clients in a more “natural way”.

One of the key issues that companies should pay attention to is to optimize the targeting algorithm in order to prevent any misuse of data. For instance, James states that sending a beard trimmer advertisement to a female customer might frustrate that customer since “beard trimmer is a gender-specific product”. Similarly, Mark points out that not being able to approach empathetically to customers is by far “the biggest problem of targeting and segmentation practices”. He gives an example:

“You are googling something and then that thing you searched for but did not buy appears on sale the next day. That is a nice experience to have. But at the same time, if you tried to buy a coffin for your daughter or your mother who just died and then one week later, they keep offering you a coffin, that is a very, very bad experience to have.”

According to some participants, another thing that companies must keep in mind while applying these strategies is not making assumptions that are too easy. This means that sometimes certain data-based assumptions or identified correlations may be misleading. In order to avoid this, the predictive models developed by companies must constantly learn and develop on a daily basis. Mark is one of the respondents who draws attention to this challenge as he states that just because certain customers never buy meat does not necessarily mean that they are vegetarian. According to him, this buying behavior could also mean that they cannot afford meat so if the company offers meat on sale, they might actually buy it. This demonstrates the significance of providing offerings that do not disappoint or offend customers in any way.

These findings show that organizations care for their customers and know things about them so that they can provide better offerings to them in return. It was suggested many times by both the literature and the participants that by segmenting their audiences, predicting their behavior, and targeting them with the right strategies, companies aim to create a change in their customers’ behavior with the help of this knowledge they have of customers. However, this also has another side because this use of data can be seen as a form of consumer surveillance that allows corporations to control their customers as well. Thus, the next section will focus on the privacy issues raised by these marketing strategies based on consumer data.

4. 4. Violation of Privacy

Lyon (2004) suggests that organizations use advancing surveillance technologies for commercial purposes and this has societal implications such as increasing concerns about privacy. Another overarching theme that was quite broadly discussed with the interviewees was the violation of privacy. This section will discuss the corporate concerns of companies regarding privacy issues and how companies perceive the practice of data collection and usage. Moreover, considering this research mainly focuses on consumer-facing companies in the Netherlands, ambivalent perspectives toward GDPR (General Data Protection Regulation) were mentioned by participants. These different perspectives derived from the findings will be incorporated within this section as well.

4. 4. 1. Corporate Concerns

Due to the extensive collection of consumer data by corporations, the issue of privacy violation is on the rise, and companies are more aware that they might “suffer by losing their customers' trust” (Bansal & Zahedi, 2015, p. 62). The fact that consumers become more conscious of data privacy has been obliging corporations to take more strict measurements in order to avoid privacy violations. Moreover, preventing such violations is an obligation for the firms due to legal restrictions as well.

As a data engineer, Amanda states that due to privacy restrictions, she is responsible for anonymizing or removing some of the consumer data after it is collected. In this process which she describes as “sanity check”, she makes sure that data from customers is not shared with the wrong people, people who do not need that data. She also believes that “there is a line in which consumers' privacy should be preserved” and “if data is not used properly, it can influence lives”. Similarly, Harry states that his company takes very strict measures concerning data privacy as they even have a privacy officer within the company as a full-time employee just to make sure that any of the privacy terms are not violated. According to him, these measures should not be undervalued because “it is better to be safe than sorry”.

Although tracking of data allows companies to offer various benefits to the customers such as customization, it is important to ask what the cost of these offerings is. Another concept that was discussed by almost every participant was the tradeoff of benefits as the findings show that some consumers do not mind sharing information about themselves as long as they get something in return. Lucy and Kevin argue that companies return the data they collect from customers for their own good

and benefit by making the products better for them". The key point here for companies is to convince customers to share their data by showing them how the services they receive can become "more special" if they let companies know more about themselves. Andrejevic (2002) explains this practice as rationalizing and legitimating the act of being watched through developing customized offerings. The author states that "consumers are compelled to enter virtual spaces within which very detailed forms of surveillance can take place" (Andrejevic, 2002, p. 238). Peter highlights this point by suggesting that the willingness of customers to give away their personal data also depends on understanding clearly what they would get in return as he claims: "As long as you can explain, clients will say, 'You can have a little bit more of my data dear bank, but then you should damn well serve me well'."

In order to explain to customers how collecting data can be helpful to them, companies should be able to explain how their data algorithm works as well. James believes that this is the only way "to gain their trust and to get them on the same train with the company". This trust aspect was previously discussed by Peppers and Rogers (2004) as they suggested that customers need to be aware of the unique offerings they can receive from these companies so that they trust them to share more of their information. Unless customers have an idea of how data collection can contribute to enriching their experience, they can be scared of this practice. Mark even describes the concept of not informing users about how their data is used as "crazy".

While discussing corporate concerns, the participants also spoke about the amount and quality of the collected data. Most of the participants believe that what matters is how the data is used, not how much the amount of data is. Although Harry believes there is never too much information because "a profile with more different aspects of data allows having a better view of it", he still points out that the information should be relevant enough to impact the results. Some of the participants think that sometimes data more than needed is collected yet not used. Still, companies usually take into consideration that this data might be useful for the company in the future if not now. According to the findings of interviews, the reason companies try to collect as much data as possible is not only to improve their marketing strategies, it is also because they can sell that data to other corporations and make a considerable profit from that sale.

On the other hand, some participants argue that redundant data is not useful or safe for companies so companies should "get rid of the data that they don't use" to avoid any trouble. Kevin believes that collecting too much data is not beneficial for the company because more data load companies with more work. This means that it is essential to "capture the data efficiently" as well as to

know where and how to use data. Similarly, Lucy believes that too much data is unprofitable or even detrimental for companies as they might “drown in excess data and get lost”. Mark brings up the terms ‘data cemeteries’ and ‘dark data’ in the context of excessive data as he talks about the types of data that are being collected and stored yet not used:

“The mentality is ‘Let's just load all the data into a data lake because the storage is cheap and then sort out how to deal with it.’. And the amount of the technical overload of putting everything in one place can really be problematic because when somebody wants to take a look into it, it costs a lot of money to go through the data and to investigate. (...) I think the majority of the companies that I've been in, have a gigantic portion of dark data.”

The results show that the majority of the companies collect and buy vast amounts of data without having a clue about what to do with it. These findings add to the two key risks of dark data that are highlighted by previous literature: it can be jeopardous in terms of security issues and it can create a barrier to business operations in case the corporations are not aware of the data they possess (Trajanov, Zdraveski, Stojanov & Kocarev, 2018). As a CTO who harshly criticizes these companies, Mark still suggests that companies with enough budget and capacity should store the data as much as they can. However, he also recommends keeping their data catalog updated about what kind of data they have, where it is, and where is its lineage so that they can prevent the occurrence of dark data. Most of the participants believe that the amount of gathered consumer data will only increase in the future unless new methods requiring fewer data to analyze consumers’ behavior are found.

While the participants discussed their corporate concerns and what kind of measures they take to prevent data breaches, they also shared their opinions on how they feel about the concept of data privacy. The following subsections will describe how participants perceive the collection and usage of data by corporations from different orientations which will be explained in the next sub-section.

4. 4. 2. Ambivalence Toward Data Privacy

Previous research justifies the strong connection between targeting strategies and privacy concerns (Phelps, D'souza & Nowak, 2001). The participants showed different orientations in terms of the ways they approach data privacy issues. Most of the interviewees suggest that there are two groups

of customers with opposing stances toward the concept of data privacy. One group does not care much about their privacy and the people in the others are uncomfortable with companies knowing a lot of information about themselves.

Amanda believes that most consumers are not concerned enough with data privacy and she considers this a serious problem whereas Lucy reflects on her own experience and states that she understands these consumers who are happy with targeting strategies through which they can see advertisements that really appeal to them. She even adds: "Why should I see something unrelated to myself if I will see an advertisement anyway? If I see anything relevant, maybe it can help me in some way."

On the other hand, some participants suggest that there are some consumers who don't want to share any of their personal information, don't want to be targeted or even hear anything about targeting. David believes that the reason these customers have privacy concerns is that they are not sure to what degree companies should be allowed to know about them in order to maximize business profits. Similar to him, Lucy states that "some consumers are annoyed by target-oriented strategies because they think that their data is used too much and their privacy is somehow damaged". She chalks that up to "the excessive use of cookies and data". As she believes targeting practices should be balanced, she feels the same way for the collection and usage of data. Interestingly, Lucy, as someone that works in the industry, expressed paranoid thoughts about data privacy through her following statements:

"When I talk about something and then an advertisement for that thing appears on my screen, I think, 'Are they listening to me?'. Seeing so many personalized things can be really scary sometimes."

Young and old customers were again compared by several interviewees in the context of data privacy as they claim that older customers are disturbed by privacy issues, unlike the younger generation that is accustomed to the collection of data since they are growing in data. The findings show that this can be due to the spread of social media platforms through which this generation is getting more and more used to sharing their data from their private life. Mark is also one of the respondents who argues that the majority of the young customers "do not mind sharing their data as long as they get a good service".

Moreover, some of the participants point out that even though the public should be more conscious about privacy violations, preventing the invasion of privacy is mainly the responsibility of governments and policymakers. For instance, one interviewee argues that there needs to be a cutoff

point and any kind of image processing for face recognition should be forbidden since it is also possible to learn a lot about customers with a little amount of data, without invading their privacy. In a similar way, James highlights that “politicians and legal departments should be guardians of these privacy matters” because otherwise, he believes that too much information might “jeopardize the lives of others”. He further states:

“I think it’s the moral obligation of the juridical people to make sure that the amount of data that is actually used should be put inside of rules. If you don’t, disasters might happen.”

As the findings demonstrate, there is a line where companies start to be intrusive and invasive while monitoring customers and collecting data and the areas that this line should limit are discussed by the participants. For instance, any kind of personal data that cannot be anonymized such as tracking location crosses the line for Sarah. She also makes the distinction between private and public data and strongly argues that no matter what happens, companies should never look for private data. One interviewee states with a cynical attitude that gathering data almost reached the point where the product that people think of buying will appear at the door of their house and companies should not go that far. What crosses the line for Emma is monitoring user sessions and recording the screen images of users and she further describes this practice as “nasty”. It was observed that several participants questioned if gathering detailed data at such a great amount that could even influence the results of elections is ethical or not. In this context, Amanda discusses the data breach case of Facebook which was previously mentioned in this thesis and she expresses her concerns about companies monetizing consumer data by selling it to external organizations:

“Facebook can figure out which political party you might be interested in based on tracking the other pages you like or the bands you are listening to. Then they can sell that data. So you can think that it is not really useful for them. But then they were able to flick people to which political party they might be interested in joining as members. And they sold the data to people that do political campaigns. So not that useful for them directly, but they were able to sell it.”

Overall, most of the participants believe that consumers should have the freedom to decide if they allow corporations to track them or not and they should also be able to specify based on what kind of information they are targeted. David believes that the way companies improve their offerings on the basis of data should be stimulated with the condition of consumers choosing whether they want to accept that or not. This means that while consumers must be conscious about their rights regarding data

privacy and should make deliberate choices, companies also have the responsibility to help them with accomplishing this. These findings imply that corporations should understand the key converging moments throughout the customer journey and implement marketing strategies to enrich that journey but that does not necessarily mean they should track everything.

However, as stated above, how the participants perceive data privacy considerably differed. Unlike the interviewees who labeled monitoring practice by companies as invasive, some of the interviewees implied that they find the sensitivity of consumers regarding data privacy redundant, unreasonable, and excessive. According to global research conducted by Cisco (2019) last year, 32% of all participants claimed that they care about data privacy, are willing to act, and have already taken action to protect their privacy. This finding shows that the number of people who care about data privacy and in an effort to change the way personal data is collected and used has been increasing. These people who are defined as "privacy advocates" by Bennett (2010) were criticized during the interviews, particularly by two respondents.

Kevin defines customers who question how companies possess and process personal information about them as "privacy freaks". James shares a similar opinion regarding this issue however not as strong as Kevin does since James advocated privacy regulations during some parts of the interview as well. He suggests that consumers will give away more of their privacy in the future, however, there will always be "activists" who will warn others against data violation. James finds it absurd that certain customers hesitate to give their permission to companies to gather their data despite the fact that "using data to predict behavior could make their lives easier". He even describes the attitude of these people as a "paranoid feeling" as he claims:

"You will see this paranoid feeling in customers. They do not like to give their data at all. I, for instance, my house consists of Google Home. I have got Philips Hue lights here. [The companies] cannot use everything that I say against me so I am not really paranoid. (...) They think that their minds are actually being taken over. There are also conspiracy theories. People who make those theories say that chips will be put inside of our bodies and it will help gather information. That's a little bit too much."

However, after this statement, he also adds that as a data analyst, he would never think it is ethical to go that far because data should only be used to help consumers. On the other hand, when Kevin talks about the solutions they find as a company to overcome the challenges of legal restrictions

regarding data privacy he says that these solutions may be troublesome for the consumers but since he has a business perspective, "he does not care much".

In addition, when talking about data privacy, the interviewees largely mentioned GDPR and provided new perspectives on the topic. Previous research shows that Asian countries struggle to adjust with GDPR due to their more flexible standards on data privacy (Lai, 2019) which is parallel with interviewees contrasting Europe with Asian countries consistently. Furthermore, on one hand, some of the respondents talked about GDPR as a restrictive factor which makes it more difficult for them to gather and process data. On the other hand, other respondents described GDPR as essential, some of them even qualified current regulation as insufficient.

As far as Peter is concerned, companies should not complain about regulations surrounding privacy because those regulations are the reason why customers are still able to trust companies. Mark thinks that most companies are scared of dealing with the data because of GDPR either because they do not understand the principles of GDPR or their system is not compliant with GDPR. According to him, the restrictions of GDPR only require companies to be transparent about how and by who the data they collect is used which he considers as an "extremely natural" requirement. Sarah also points out the necessity of working with software that supports GDPR. She accentuates that lack of compliance with GDPR can cause serious problems as:

"Imagine you have a database and the customer requests to delete his personal data. You process this request, you delete it and there are no records in the database so you are happy. Everything is okay. And in two weeks, this customer gets a marketing message despite being deleted from the database and the customer is angry. You go back to the database and you see this customer in your database again. You say 'It is not possible. How would this happen?'. It was just a backup of the database. It is the usual process to make sure that your data is in a secure place in a secure state."

Some participants consider GDPR as necessary yet inadequate as they believe that data usage by companies will increase due to technological developments hence current regulations will not be enough to prevent privacy violations. Harry believes that even though without restrictions much more could be done with consumer data, respecting privacy is more crucial and he even states that "GDPR is a good start but it's only a start". Similarly, Sarah argues that the opportunities of technology have developed faster than the legislation so "the legislation is lagging behind". An example where the legislation remains insufficient was provided by Amanda who suggests that it is hard for a regular consumer to read all terms and conditions regarding privacy before accepting them and that companies

intentionally take advantage of this situation. This can be one of the issues that GDPR and other regulations surrounding data privacy should strive to improve. Emma who defines herself as a “pro-GDPR person” thinks that the consumers are more and more inured to privacy violations therefore companies will always find ways to get around these restrictions.

As mentioned before, the participants stated that the understanding and functioning of privacy depend on the region and they contrasted European countries with Asian countries in terms of data privacy. For example, Peter mainly focused on comparing the case of China as he thinks that “privacy in China has a totally different concept”. He shares a memory to justify this point:

“I spoke to the second-biggest e-commerce retailer in China and they literally share the data with everybody. So all their vendors and suppliers get all their consumers’ data from a data platform. When I asked why they said 'Because then they know what people buy and they are able to serve better.'. I asked if they do not mind and they said 'No, nobody cares as long as the service is good and we can deliver things fast.'. Data and privacy there is not even an aspect. Their regulation did not keep up with innovations. (...) I talked to them about cookies and they were like 'Cookie legislation? Why would you need that? That's weird.'. They do not even understand that concept. Basically, they say data is for everybody from everybody.”

David is also one of the participants who made this contrast as for him, Europe is the most restrictive region in terms of privacy regulations whereas Asian countries are “way more lenient in their privacy concerns”. He highlights the need for finding a balance between leveraging data and breaking the law. A number of participants stated that some of the artificial intelligence practices executed by companies in China would be impossible to replicate in Europe. According to Mark, the reason for China’s approach to data protection is that the consumers are not instructed enough to be aware of their privacy rights.

Another concept that was commonly brought up by interviewees is “the right to be forgotten” which forces companies to remove all data they possess of a consumer in case the consumer asks for it. This right which is introduced by GDPR is regarded as essential by most respondents. However, as for Kevin, these regulations that come with GDPR can be disadvantageous since they make the companies responsible for all the data set they own and the actions they take based on this information.

While discussing data privacy, Sarah also draws attention to the data’s area of use as she argues that collecting consumer data for commercial purposes is different from collecting health data for emergency cases. She explains:

“Imagine there is an earthquake and you are under the debris. Do you want to be traced by the government and be found fast? Or do you say, 'No, my GPS location is my private, I would rather die in the debris.'?”

Overall, this research examined the ways companies collect and use consumer data as part of their marketing strategies as well as the impacts of these strategies are perceived by businesses. The final chapter of this thesis will entail summary of findings, research limitations and recommendations for future research.

5. Conclusion

This study was conducted to examine how consumer-facing companies in the Netherlands gather and use data from consumers to improve their business strategies as well as to analyze how and to what extent collected data is implemented in their marketing efforts. Additionally, the perception of corporations of these data-driven strategies was also explored within this research. In the light of provided theoretical framework, presented research results helped to understand how identifying customers and dividing them into groups give a certain advantage to companies to target their audience in an enhanced way but also how this data-based practice can be applied to consumer surveillance.

5. 1. Summary of Findings

After introducing the key notions in the theoretical framework, following the data collection process, which consisted of ten interviews with business people who work at consumer-facing companies in the Netherlands, the data was analyzed using a (constructivist) grounded theory coding process. After coding all transcripts and interpreting them, I extracted four major selective codes that reflect the overarching themes discussed in the interviews. While presenting these themes, I also outlined their connection with literature and theory.

The first theme that was extracted from the data was “connecting with customers” which focused on why and in which ways companies connect with their audiences. The interviewees highlighted the valuation of building a relationship with their audience and explained how they trigger engagement to retain the customers. Additionally, the respondents suggested that their relationship with customers has considerably shifted due to digital transformation and data technologies. The findings demonstrated that consumer data plays a key role in the relationship-building process with customers as it enables firms to get to know their consumers better.

The second theme was about “modernization of data systems” which outlined how companies integrate their business into these data technologies. While emphasizing many times that all business decisions should be made on the basis of data justification, most of the participants also mentioned that this sometimes leads to companies connecting with their customers on a less personal level. However, the previous literature has contradicting theories about this concept. Some scholars suggest that relationships in digital environments lack emotional intimacy (Dobson et al., 2018) whereas others argue that online connections can be as intimate as offline interactions (Mathwick, 2002).

The third theme was “customer understanding through data” under which the kinds of consumer data companies collect and how they are collected were discussed in detail. The interviewees pointed out the essentiality of extracting valuable insights from the gathered data and explained how they benefit from these insights to differentiate themselves in the market. The participants widely discussed that segmentation practices contribute to their understanding of customers and allow them to choose their target audience and reach them by predictive models. This ties back to the literature claiming that successful segmentation practices enable understanding customers, predicting behaviors, and identifying audiences that are worth pursuing (Tuma, Decker & Scholz, 2011). Motivations that underpin customers' willingness to share their personal data with companies were explained through their tradeoff of benefits such as receiving relevant and customized offerings and this adds to the previous literature (Andrejevic, 2002). However, it is also important to consider that as consumers agree to share their information for the sake of a more tailored service, they also feed the database of corporations whose main motivation is making money.

Finally, the last theme from the data was “violation of privacy” which is considered to as one of the implications of data collection and usage. Under this theme, the participants discussed their corporate concerns regarding data privacy. It was observed that collecting more data does not always generate more beneficial results. According to the findings which are also in support of literature, corporations that gather too much consumer data might suffer from issues such as data corruption, dark data, or being overwhelmed with information they do not use how to use. It should be noted that until the discussion of this particular topic, overall the respondents did not conflict to a great extent in the way they approached the above-mentioned concepts. However, the topic of privacy included significantly different orientations since some of the participants described the monitoring practice of companies as intrusive whereas others considered the sensitiveness of customers about privacy as a paranoid behavior. Moreover, ambivalent perspectives on GDPR were also discussed by the respondents. Some of them highlighted the need for compliance with GDPR as a company while others regarded GDPR as restrictive therefore handcuffing and touched upon how companies go around these restrictions.

Overall, the results of this research demonstrate that consumer-facing companies in the Netherlands across different sectors gather consumer data to implement a more target-oriented strategy. By basing their business decisions on the justification of data, these companies become more relevant to their customers and consequently increase their profits. However, even though most of the companies care about incorporating a data-driven culture, not all companies achieve to integrate and

implement collected data into marketing strategies. This is because processing data and deriving valuable insights from it is a complex procedure. Moreover, along with their benefits, targeting strategies relying on data include certain challenges that companies should take into account as well. On the other hand, whether this practice can be seen as invasive or not is a topic of great discussion.

5. 2. Limitations of the Research

As with any research, the present study has its limitations. First of all, since this research is conducted from a qualitative approach, together with its advantages, it also had some limitations. Although the qualitative approach allowed me to investigate my research topic in an in-depth way, because of its nature, the way the collected data is analyzed and interpreted is based on the perception and standpoint of the researcher. This is why it is important to note that the same research could have been discussed in a very different way by another researcher. Since I was aware of this limitation, I tried to maintain an objective stance towards the results to the extent I was able to. I used (constructivist) grounded theory to analyze my data and even though the literature I provided within the theory part helped me to frame the research itself, the codes I created emerged in relation to the observed experiences of participants (Dumitrica & Pridmore, 2020). Also, I strived to provide a complete transparency for the way I analyzed the data I gathered and reflected the results from the interviews.

The primary limitation to the generalization of these results is the sample in terms of size and also the characteristics of respondents. To begin with, due to time constraints for participants, some of them had to cancel to participate in the research. Several people I contacted to request an interview, said they would be interested to participate in this study however they cannot since they are not allowed to provide information about this topic as a part of their company policy. It should be noted that basing this study in a larger sample size could have enriched the quality of the research. Furthermore, some of the participants were from the same organization. Although it was interesting to see different perspectives of people in different positions from the same company, overall the sample was not as diverse as I hoped for. Some of the people I interviewed are currently working in B2B companies. Even though they shared valuable insights from their previous experiences in consumer-facing companies, some of them discussed a B2B perspective which was not very related to my research questions.

That being said, another potential limitation needs to be taken into account. Although I informed the respondents that their names will be anonymized, some of them had concerns about

confidentiality and asked for me to keep some moments off the record so I could not include some of the interesting findings to my results.

5. 3. Ideas for Future Research

The focus of this study was on examining how consumer-facing companies in the Netherlands collect and use data from their customers to improve their business strategies. Hence, the findings of this research will be useful for the overall understanding of consumer data usage by corporations for their target-oriented strategies.

While conducting the interviews, the violation of privacy was one of the prevalently discussed themes among participants. There were various orientations among interviewees regarding how they approach the concept of data privacy. As the respondents talked about GDPR, they often compared European and Asian countries. Therefore, future research could analyze the discrepancies between countries of Europe and Asia in terms of data privacy regulations but also could qualitatively examine how both corporations and customers from these two regions with different cultures and backgrounds perceive these regulations or the concept of data privacy itself.

Additionally, upcoming research could analyze how target-oriented strategies are perceived by consumers from their perspective. Future research could also conduct a study with businesspeople who work at a data-related job to understand how they perceive advanced data technologies based on their field of use since the participants also compared using data for commercial purposes and using data to solve humanitarian issues such as health.

Furthermore, this study might contribute to future research that is focused on the relationship between the implementation of targeting strategies based on data and how this practice can be seen as a form of consumer surveillance.

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Appendix A: Interview Guide

Job Position

- Could you please tell me about your position at this company and how you came to be in this position?
- What were your motivations for pursuing this career?
- What does this job mean you do on a daily basis? What is your typical day or week at work like?

Implications of Relationship Marketing

- How does your company connect with customers?
- What does it mean to your company to have a relationship with their customers?
- What do you think motivates people to be repeat buyers?
- To what extent do you believe the relationship between companies and consumers is affected by digitization?
- How do you use digital channels to create customer relationships?

Gathering and using consumer data

- Can you tell me about the data gathering process? How do you gather data? What types of data do you gather?
- How do you make sense of this data? What does it tell you?
- How does your knowledge from this data change the way you connect with your customers? In other words, how do you use data to build relationships?
- How do you transcribe the collected data into marketing strategies?

Perception of targeted strategies

- How would you interpret the impacts of these target-oriented strategies?
- What is the response and perception of consumers to these strategies?
- Do you think is it always better to have more information or is there a point you think you have too much information?

- How do you see data use in the future? What is the importance of this practice? What would be the key elements of data impact on the future of your job?
- In the future, do you think privacy is going to become more restrictive, or is it going to be something to be solved or adjusted?

Appendix B: (Constructivist) Grounded Theory Coding Scheme

Open Codes	Axial Codes	Selective Codes
privacy freaks	privacy as paranoia	violation of privacy
minds are taken over		
conspiracy theories		
paranoid customers		
invasion of privacy	monitoring as invasive	
intrusive companies		
uncomfortable customers		
annoyed consumers		
older consumer's data concerns		
excessive cookie usage		
damaging privacy		
getting around the restrictions		
nasty things		
scary personalization practices		
tracing people		
privacy officer	corporate concerns	
drowning in excessive data		
getting lost		
CRM fail		
jeopardizing lives		

Open Codes	Axial Codes	Selective Codes
frustrating results		
pollution		
hard to analyze		
trouble		
redundant (data)		
scared companies		
GDPR difficulties	ambivalence toward GDPR	
politicians as guardians		
moral obligation		
legislation lags behind		
compliance with GDPR		
pro-GDPR		
software supporting GDPR		
right to be forgotten		
ethics in AI		
purpose of data usage		
proactive	digital savviness	modernization of data systems
young generation's digital orientation		
digital integration		
trend		
ongoing process		

Open Codes	Axial Codes	Selective Codes
globalization		
transition		
hot thing		
losing humanistic components		
customer as a dashboard		
impersonal		
digital offerings		
lack of intimacy	customers as numbers	
customer interviews	triggering customer engagement	connecting with customers
push notifications		
poking the customer		
emails		
mobile app		
website		
digital questionnaire		
SMS		
A/B tests		
surveys		
reviews		
satisfaction scores		
call center		

Open Codes	Axial Codes	Selective Codes	
client panels			
customer service calls			
social media accounts			
loyalty programs			retaining customers
coupons			
promotions			
CRM programs			
interactive			building relationships
making customers feel better			
informing transparently			
problem-solving			
caring about customers			
two-way communication			
trust factor			
feeling of safety			
learning about customers			
staying in touch			
following up with customer interests			
results-oriented			
consistent investment			
customer-centric			

Open Codes	Axial Codes	Selective Codes	
long-term			
personal conversation			
focus on marketing			
knowing the customers			
understanding customer needs			
listening to problems			
personalization			
adding value			
considering customer's perspective			
close			
demographics	geodemographics	customer understanding through data	
location			
socio-economic status			
living area			
home address			
phone number			
time of order			behavioral data
purchase history			
buying habits			
consuming behavior			
payment method			

Open Codes	Axial Codes	Selective Codes
shopping frequency		
interests	psychographic	
clickstream	web traffic	
user sessions		
mouse movement		
scroll movement		
eye gaze		
click-through rate		
cookies		
screen image		
IP address		
creating clusters		data-driven market differentiation
predictive models		
typical customers		
labelling groups		
fitting in the profile		
different client groups		
RFM model		
different business lines		
categorizing customers		
machine learning algorithm		

Open Codes	Axial Codes	Selective Codes
preparing reports		
data-based advice		
relevant ads		
artificial intelligence		
client criteria		
market research		
sending triggers		
unique needs		
decision-making		
specifically chosen		
tailor-made		
personal business		
digital advertising		
marketing automation		
developing tools		
helping customers		
selecting segments		
extracting meaningful insights	extracting value from data	
knowledge-driven		
manipulating data		
managing data		

Open Codes	Axial Codes	Selective Codes
discovering rules		
incremental sales		
experiment groups		
cluster analysis		
survival analysis		
quality		
surprising results		
optimizing		
data mining		
finding correlations		
assumptions		
improving engagement		
predicting behaviors		
combining data sources		
bumping up sales		
building dashboards		
automated process		
crunching numbers		
enriching experience		
data-driven strategies		
marketing opportunities		

Open Codes	Axial Codes	Selective Codes
scalable		
churn model		
creating impact		
potential customers slip away	struggles of target orientation	
over-customized small groups		
getting stuck		
lack of serendipity effect		
requiring specific skills		
creating bubbles		