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Foreword

This work/paper will not be written in a gender-equal language in terms of its grammatical form. Every word is written without (devoid of) any intention to discriminate any and all genders.

I would like to thank Prof. Jörg Matthes and his team, for their support and guidance during the writing of this thesis.

Thank you to my soon-to-be-wife Sarah, my parents, and friends.

I am thankful to be able to write about subjects I am passionate about.

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1. Introduction

Advertising has been in a long-fought battle with ethics, ever since the inception of the customer-seller relationship. Even though *sex sells*, ethical ramifications need to be set in place, to protect the potential customer from either being overexposed to advertising, or advertised to with intruding or covert tactics. More so in the digital age, where advertising relies on identifying the buyer, almost on a nano level, and fighting for their attention on almost all electronic devices with a display and internet connection.

Browser cookies, privacy, advertising networks, or digital footprint – all of these terms are dominating the current advertising field and center of focus. If we thought that humans spent an extensive amount of time on their smart devices up until now, then the COVID-19 pandemic showed us, that limited physical travel is non-existent, due to our **unlimited digital presence**.

The goal of this literary-based thesis is to create an overview of the current landscape of ethical implications in digital advertising in 2021 and beyond. It is closely intertwined with the term *ethical marketing*, although advertising itself is the literal act of making a product known to potential consumers and hence will be the center-focus of this thesis.

The topical grounds of this thesis will cover ethical aspects of the most prevalent marketing trends in the last 10 years, with the condition, that they still need to be used in digital advertising and pose serious ethical concerns among researchers.

Although the term *marketing* is etymologically different from advertising, existing literature on the topic of *ethical marketing* covers theoretical grounds on the crossover between ethics and marketing, while mostly discussing specific cultural differences that can influence the definition of "ethical". We will therefore be ignoring cultural differences in the definition of the word "ethical", for the sake of viewing the 2010s and 2020s as a time, that transcends specific cultural phenomena and differences. Above all – thoughts from this kind of research will be included, since advertising is part of marketing.

2. Theoretical Part

2.1 Relevance

The relevance of this study lies within several factors. First is the recent COVID-19 pandemic of 2020/2021 and beyond, which increased our reliance on a digital presence and us being intertwined with our digital persona. We are talking about an entire paradigm shift towards people being more intertwined with their digital presence in the 2020s than ever before. That is not to say, that this is a new phenomenon. However, it was accelerated by the COVID-19 pandemic and the worldwide enforcement of a stay-at-home policy enforcement.

The phenomena of increased online presence and consumption are backed up by several studies from all over the world. Lemenager, et al. (2021), saw 71.4% from their sample of 3245 subjects from Germany report increased online media consumption during the lockdown. Van Aelst, et al. (2021) found, in a panel survey done along 17 countries, that overall online media and social media consumption and reliance on these mediums for information, rose among participants in general. Although, this study notes that the timing might have influenced the results when considering other phenomena, such as news fatigue during the pandemic (Van Aelst, 2021, pp. 1223-1225).

The second factor that marks the relevance of this study, is the significance of today's digital advertising options and coverage. The number of internet users worldwide has been on a steady rise since 2005. According to Johnson (2021), since 2018, over half of Earth's population are active internet users. The most impactful event, aside from the steady expansion of the availability of an internet connection, was the increased and almost inseparable bond with our digital persona. As Hoekstra and Leeftang (2020) observed in their study, *Marketing in the era of COVID-19*, „consumers are being challenged to re-evaluate their life priorities“ (Hoekstra, 2020, p. 250), which includes having to heavily depend on internet resources for most of their shopping, reading, or communication. The COVID-19 pandemic has merely accelerated the natural growth of our dependence on our digital presence and made this transformation more significant for future research and discussion.

But us, the consumers, are being affected by producers - advertisers, which are working in the marketing field. According to the U.S. Bureau of Labor Statistics, jobs in advertising, promotions, and marketing management are projected to grow by 6% between 2019-2029, which is faster than average positions on the job market in the US. eMarketer research (Cramer-Flood, 2021) found that the pre-pandemic and pandemic rise of digital ad spending was comparable, with the final figure for 2020 being a 12.7% increase.

Job positions in advertising are sought after, digital ad spending is rising, but the advertising landscape is still covered by a few monoliths in this space – Google, Facebook, LinkedIn, Instagram, Amazon, and Microsoft, have secured their places in being nearly unavoidable and dominant in this market. Rights to our data, processed by advertisers, are partially being protected by international laws, such as GDPR – albeit advertisers always find a way either around restrictions, or come up with new methods and techniques on how to overcome them. What should be discussed, is the well-being of our mind, attacked by a steady onslaught of digital advertisements. Researchers should assess its impact on our behavior and decisions. What are these ramifications? Which techniques are prevalent, talked about and have moral implications being discussed by research? These and more theoretical questions will be covered by this thesis on *ethical digital advertising*.

2.2 Scientific Theories

2.2.1 Systematic Literature Review

Although popular, a traditional literature review is hard to define and allows a lot of options to be covered, making bias towards sources and selected articles a danger to the relevance and objectivity of a thesis or research. Hence a systematic literature review (abbr. *SLR*), with specific criteria, will be conducted. Interestingly, SLR was first developed for medical research and adopted in other fields later on.

SLR follows the process of identifying, selecting, and critically appraising research, from which formulated research questions arise (Gough, Oliver & Thomas, 2017). This process needs clearly defined conditions, before the search for resources – for the purpose of transparency and clarity (Kitchenham, 2004).

This thesis will utilize a Systematic Literature Review (SLR), with the following conditions:

- **Time:** Relevant literature from 2012 until 2022
- **Sources:** u:search (University of Vienna), Google Scholar, Scopus, Springer Link
- **Form:** Article, Book, Book Chapter, Journal, Conference Proceedings
- **Topic:** ethical advertising, trends in digital advertising

Supporting statistics, news or manuals on certain advertising techniques will be gathered directly from their respective – and reputable – sources. Sources will be validated, whether the information is up-to-date with actual techniques, technologies, and tactics that are used in advertising nowadays and if not, explicitly marked as such with an updated term or explanation.

2.3 Literature & Available Research Overview

Advertising is deemed the anchor point of this thesis, since *marketing* itself covers the planning and process of identifying who should be targeted for advertising. *Advertising* is then the act of promoting products, services, or companies itself, where most questions of ethics come together – in the execution, meaning advertising itself. This thesis aims to explore a unified definition of *ethical digital advertising*, which had seen a radical shift in the last years, namely because of increasing digitalization and our *second persona* - a digital presence, which is affected daily by digital advertising.

Likewise, it aims to identify what advertising techniques struggle with the topic of ethical digital advertising, a potential outlook on methods, and identified subtopics and proposed solutions by researchers, based on contemporary literature. Previous literature, back to 2012 will be included in the source selection since this makes it possible to analyze trends that were maybe foreseen to have an impact on the definition of ethical digital advertising. It is interesting to see, that the topic of ethical advertising and marketing was covered a lot by empirical studies before 2012. The topics on ethical aspects of marketing and advertising ranged from voters' ethical perceptions on political advertising (Kates, 1998), even ethical attributions in environmental advertising (Davis, 1994). The reason for not including sources dated before 2012 is both relevancy and age. For example, a unified

definition of a digital persona (Rosendaal, 2010) was gaining ground starting in 2010. Empirically speaking, 2005 was the year that the number of internet users reached over 1 billion (Johnson, 2021) – an important milestone in underlining its reach and future impact.

The need for defining ethical *digital* advertising is highlighted by a word-wide study by de Arruda (1999), questioning advertising agencies on ethical standards in advertising. The questionnaire used in this study implicated, that the agencies themselves should answer, with a scale from 1 to 5, what ethics in advertising mean to them. de Arruda pointed out, that little to no attention was given to “natural law, to the people’s values and beliefs”. Furthermore, the study focused on traditional advertising, completely omitting digital advertising – since it was neither prevalent, popular, nor thought of as something impactful in 1999. Studies like Beards’ “College Student Attitudes Towards Advertising Ethical [...] Consequences” (2003), which replicated a study done in the 1970s, focused solely on the attitude towards ethically vague advertisements. Although straightforward, with today’s use of native ads, hidden ads or forced ads before continuing to play/read/continue in a piece of content, these studies lose relevance in the digitalized environment, which is available for advertisers in recent years. Advertisements are not bound to a physical place, similar to a physician’s office (Parker & Pettijohn, 2003), but present in a non-restricted, timeless space, composed of petabytes of data.

We will be identifying ethical aspects in the following trends of *digital* advertising:

- **Display/Search Advertisement Networks** (Barbu, 2014), mostly known from Google Ads, with market shares by Amazon, Microsoft, or Traffic Junky as well, are paid advertisements on a network of websites, which choose to display advertisements from said providers. These can be in a visual/display form or text. Advertisements are also shown on their respective search engines, if applicable. This study will discuss this type of advertising on all available mediums, e.g. mobile, tablet, PC, and others, under this term.
- **Microtargeting** (Barbu, 2014) is the act of targeting a person for advertising on a micro-level, to an extent where a person’s preferences and interests can be identified by their online behavior, based on ad tracking.
- **SEM** (Ziewitz, 2019), or *search engine marketing*, where text available online is optimized to be *ranked higher* – in results for a search query of a search engine.

- **Freemium** is a business model and marketing strategy, where a service or product comes free at cost, but with paid additional functionality or benefits
- **Gamification** (Thorpe & Roper, 2017), where gaming mechanics are inserted into non-gaming environments.
- **Native advertising** (Campbell & Marks, 2015), is the act of writing an article to seemingly fit the overall topics covered in a medium, but reluctantly disclosed as an advertisement.
- **Influencer Marketing** (Haenlein et al., 2020) research does not include discussions about their ethical liabilities. Hence, it will be the task of this thesis to provide a glimpse into the ethical aspects of marketing via popular profiles on social media. These popular profiles are called influencers, due to their influence on either a large number of people, or niche and hard-to-reach groups.

2.4 Research Questions

Overall, this thesis will firstly paint a short picture of the evolution and history of ethical advertising, trends and finally, create an overview of ethical digital advertising on two fronts. **Firstly** identifying, which trends and methods used in digital advertising are implicated in discussions about their ethical liability. **Secondly** establish, which marketing techniques and how struggle with ethical aspects in digital advertising. The preliminary research questions are:

1. *What trends and methods, used in digital advertising in 2022 and beyond, are implicated in discussions about their ethical liability, based on available research?*
2. *What solutions need to be proposed in 2022 and beyond with what advertising techniques, in terms of a discussion about their ethical implications towards consumers, based on available research?*

The rationale and ethical framework behind answering literature and discussing ethical questions in the selected advertising techniques is Kant's approach, rooted in deontology. The main concept is, that nobody is morally unique and what one person considers morally acceptable, would be deemed morally acceptable for others. This approach limits people from using a different set of rules for others. Instead, these rules and actions have to be rationally universal (Spahn, 2020; Neely, 2021).

3. Literature Review

3.1 History of Digital Advertising

The early beginnings of digital, or online advertising, can be traced back to 1994, with the first advertisement banner visible on the internet site *HotWired* (Kaye & Medoff, 2001). These banner ads first started redirecting to other sites in 1993 (Gibson, 2012) – before that, their purpose was purely informative, due to various terms & agreements set in place to forbid online advertising. A, for those times contradictory approach, was chosen by AT&T in 1994, when the company chose to advertise on HotWired as well, but with a different approach. The advertisement linked to their first landing page with information, on how internet access can provide information on landmarks and museums (Cho et al., 2001). 1997 marked the creation of the *most annoying type of advertisement* – the pop-up window ad (McCoy, 2004). The intention was, however, not meant to do any harm – creator Ethan Zuckerman wanted to create a platform for ads, without them directly associating with the website they were placed on (Zuckerman, 2018). In 1999, the first-ever search engine, later acquired by Yahoo! called *GoTo.com*, introduced a pay-for-placement service for ads on their platform (Seymour et al., 2011). The model of GoTo.com relied purely on the highest bid – without considering the relevance of the results positioning. While earlier research suggested consumers are skeptical towards advertising and often doubt claims made in them (Obermiller et al., 2005; Mittal, 1994), as we will learn further into this thesis, the doubt depends on the type of advertising and other factors, since advertising has become an integral part of our life, both off- and on-line and has also developed tactics on how to be visible, without *attracting attention* to itself.

Advertisers have become accustomed to this phenomenon of increased skepticism and learned to adapt to various forms of advertisement techniques, most of which share the same trait – they are not immediately visible and identifiable to consumers, be it native advertising or search engine marketing. Likewise, tracking user behavior in order to exactly deliver tailor-made advertisements to the right consumer, has made its way to our online presence as well, with cookies and embedded tracking on websites. With these new techniques, concerns regarding online advertising and its ethical implications – influence on adults and children, privacy concerns, and ramifications of ad-blocking

(Carpenter, 2013) have come to light and have not left – they are subject to constant change and a *cat-and-mouse* chase between advertisers and governments/researchers.

After banner ads, the first notable revolution in digital advertising came with *Google AdWords*, now *Google Ads*, which provides search advertisements on Google's search engine and partner platforms, in text, picture, and video form. Google was quick to catch on to *GoTo.com* and their idea of an advertising platform. Mentioning Google is essential, since the company was a pioneer in online advertising – they acquired multiple companies with essential advertising technology, AdSense in 2003 and DoubleClick in 2007, to extend their portfolio and create a *powerhouse* for digital advertising. While Google's strategy was to dominate the search engine market and profit by placing ads on it and partner webs, Microsoft used its dominance in the operating system space, to introduce MSN Search – what is called Bing, today.

As of December 2020, 94.48% of mobile searchers were conducted on Google's search engine (Statcounter, 2022). eMarketer (2020) projects, that ad spending on mobile in the US will rise to 156.83 billion dollars by 2023, while the global digital marketing spend will be up to 389.29 billion dollars in 2021 (Statista, 2020) and up to 524.17 billion dollars by 2024.

By now, advertisers have several options in online advertising platforms – from giants of the likes of Google Ads or Microsoft Bing, to country-specific search engines like Yandex and Baidu with their respective advertising options (if any), or niche subjects for content otherwise forbidden on these platforms, like Traffic Junky, meant to promote adult content on adult websites with age restrictions. Navigating the pitfalls and techniques used in digital advertising comes with caveats and ethical conundrums, most of which arguably do not interest the advertisers, making use of digital advertising options – but are more thought about by the end-users, who are targeted by these ads, as well as researchers, third parties and regulatory organs.

Nowadays, digital advertising makes up a significant part of most company's budgets. Digital marketing made up over 46% of the marketing landscape in 2021 (WebStrategies Inc., 2020). Hence in such an established field, with enormous money invested, a balance between what is fair to the consumer and viable for advertisers needs to be investigated,

in order to demystify the field of digital advertising and make it ethically sound for existing and future consumers, with their interests in mind.

3.2 Display/Search Advertisement Networks

Perhaps the cornerstone of digital advertising was the advent of GoTo.com (as mentioned in the previous chapter *3.1 History of Digital Advertising*) and moreover that of Google's advertising platform, which arguably set the pace for others to play catch-up with. A study conducted by Bayer et al. (2020) analyzed proprietary data from 1651 companies with the ultimate goal of identifying, how paid search advertising compares to offline advertising – radio, television, or print ads. The suggested research goal was within how paid search advertising can impact firm performance and value (pp. 801). The study found that paid search advertising increases firm value and performance. With an increase on search advertising budget by 1%, sales increased by 0.28% and value by 0.88%, as opposed to offline advertising with 0.10% and 0.27% respectively.

Sponsored search advertising is the act of advertisers, signed up on an advertising platform, bidding on keywords and phrases typed into the search window of the selected search engine, with the ultimate goal of positioning on top of the search results (Jerath & Sayedi, 2012). The position of these sponsored and bid on search results is at the top of the viewed window, which is marked with a disclaimer that it is sponsored content. The type of viewed, sponsored content, can range from purely text ads to products suggested for your search with media-rich content and price, or services with phone numbers, sign-up forms, and other *lead generation* forms – heightening engagement with the consumer and increasing the ads effectiveness (Liu-Thompkins, 2019) - of pursuing a *lead*. A lead is a person or business, which comes into first contact with your advertisement with the above forms of ads, who is then pursued further by the advertiser – be it manually based on the information given to the advertiser, or automatically via a thought-out way of navigating you to finish the buying/deciding for the advertiser's product/service on their website. Such ads can also serve as purely informative and *slow-burning* content, based on the principles of *remarketing*. Remarketing relies on a digital footprint the user leaves, often unknowingly, on search engines and other websites or platforms – mobile apps, media channels, and more (Muhammad et al., 2018) via cookies – files left in your web browser with identifying information to remember you by on said website - or other

techniques. These footprints, which were proved by researchers to include the consumer's „interests, social and cultural identities, and occupational and geographical attachments“ (Arya et al., 2019, p. 145), are then used to create a comprehensive picture of the online persona and processed by third parties, or the advertising platforms themselves, in order to serve ads which are deemed to be successful with said persona – *personalizing* the ads. It is important to mention the buzzword *big data*, which defines a field in which companies process and organize enormous amounts of collected data into a form, consumable for the purpose of the customer who provided these data – in this case, a comprehensive picture of the persona targeted by ads. This entire process relies on its success, since it can define customers who fit within the brand's *follower list*, and can result in a purchase or regular customer, who may eventually spread the word about said brand (p. 145). As mentioned, the goal of the advertiser on search advertisement networks can vary – from a quick sale to brand awareness, or collecting potential leads. The options are often updated and search advertising networks are quick to either catch on with new types of consumer engagement or introduce entirely new ways of engaging consumers, made available to the advertiser.

Display advertisements, on the other hand, are visual and media-rich content ads displayed on a network of websites by the ad network. This means, that they do not necessarily have to be hosted by the website they are displayed on, rather than served from the advertising network via a script on the website, while the website that shows these ads gets a percentage from a click or *impression* – view of the ad. Creative elements, in form of media-rich, can on one hand increase brand recognition, as well as brand recall (Baron et al., 2014), but are also, according to research, found *intrusive* or *annoying* (Goldstein et al. 2014).

Advertisers can select how they wish to allocate their budget, as well as what strategy they prefer – it can range from pay-per-click, pay-per-impression, to pay to achieve a certain percentage of top positions in sponsored-search (Lee et al., 2018). Advertising platforms once used a trivial way of deciding, who would get the top position in sponsored search, in case of multiple bids. Jerath & Sayedi (2012) explored the phenomenon of *exclusive display* – when advertisers bid on their advertisement being the only one shown, *exclusively* for certain keywords (p. 3). This would also strengthen the

branding effect on consumers since the searched keyword would be associated only with one advertiser (p. 28).

So far, we can identify three key ethical aspects to consider in sponsored search or search & display advertisement – *Who controls the algorithm that decides the winner of keyword bids? How would ads function without behavior tracking/ad personalization?*, and finally, *How do sponsored search providers and platforms fight against fraudulent behavior and fair play among competitors?*

The algorithms at work in sponsored search bidding are, according to for example Google, working independently on calculating if your new ad meets their *optimization score* and *recommendations* criteria (Google, 2021). These range from the usage of targeted keywords in the actual text of the ad, the uniqueness of the text, to fulfilling the criteria of their terms & agreements, e.g. no sexually explicit content (Google, 2021), and so forth.

Going into the details of how optimization of ads works and how advertisers can rank high, is not only platform dependant, but heavily volatile and dependent on a variety of factors. Hence researchers can only guess whether the algorithm is objective and whether advertisers are *getting what they are paying for* – since, in order to make the *playing field* of ad bidding equal for all, the mechanics of the algorithm that decide the faith of an advertisement are under strict secrecy, to the extent that it can not be easily circumvented. Since the dominant mentioning of Google is apparent in this chapter, it is important to note that in 2020, ten US states filed a lawsuit against Google, because of the „monopolization of online display advertising“ and another by the US Department of Justice for „unlawfully maintaining a monopoly in search and search advertising“ (Doh-Shin, 2021, p. 3). Doh-Shin (2021) also highlights in the report, that the marketing of display advertising suffers from low transparency – combined with Google's market concentration, this, in turn, translates into high fees in ad intermediation (pp. 4). Google can effectively dictate the price of ads as high as it wants and publishers with ad placements on their websites or medium concentrate on publishing as much content as possible, to capture the users attention and increase ad revenue on websites – which in turn makes, for example, investigative journalism obsolete (p. 5) and a risk to profit, as opposed to low-effort and high quantity pieces. Google's monopoly is even more evident,

if we look at their acquisitions in the online advertising space, as presented by Doh-Shin's (2021) report:

- **DoubleClick (4/2007):** Ad server & exchange, basis for Google Ad Manager
- **AdMob (11/2009):** Underlying technology for serving ads on mobile apps
- **Invite Media (6/2010):** DSP basis for Google Display & Video 360, part of Google 360
- **AdMeld (6/2011):** SSP addition to Google Ad Manager
- **Adometry (5/2014):** Analytics & attribution, integrated into Google Analytics

To elaborate – *DSP* or *demand-side platform*, allows advertisers to buy ad spaces across several ad exchanges at the same time, while *SSP* or *supply-side platform* lets platforms and publishers sell their available ad space across different ad exchanges (Wicker & Karlsson, 2017). This is the underlying process behind visiting a web page, which delivers you ads in virtual form. The entire bidding process is automated, via preset arguments, conditions, budget, and algorithms. By now it is clear, that one of the moral conundrums that regulatory organs need to solve is Google's dominance in this sphere and how this dominance affects regular users.

On the other hand, if we put the advertiser's monopoly situation to the side, is the mentioned increase in ad-blocking and consumers increasing disregard towards online advertisements. Wicker & Karlsson (2017) discuss this topic in-depth. While giving examples, they discuss whether ignoring or blocking ads is a breach of contract, with a simple question – suppose you get a free item for watching a commercial. Does ignoring this commercial and turning your head mean, you have forgone your right to own said item? While advertisers argue their right to „receive payment for one's effort in providing content“ (Wicker & Karlsson, 2017, p.75), consumers' arguments mostly vary between their worry of a privacy breach and the increasing presence of advertisements in daily lives. While Wicker & Karlsson argue that, for example, the newspaper industry was in decline long before the advent of the digital era, due to its core business model, digital news outlets are facing a dilemma of consumers used to free content, and only 10% - according to a survey by Reuters - willing to pay for content in a medium, which was once free (p. 76). Here comes a much-needed differentiation between serving digital advertisements on external websites and including sponsored results in search engine queries. Sponsored search results have multiple points of intersection of the same ethical

dilemmas, as we will encounter in chapter 3.4 *Search Engine Marketing* – relevance vs. paying to be on the top of the search-engine results page. The difference is, however, that sponsored search engine results can be identified via disclaimer, or blocked with ad blockers. This is not the case with search engine marketing, as we will discuss later.

This means, that the discussion on display & search advertisement networks is fought on two topics and two sides – privacy & loss-of-profit. Consumers and advertisers. Both facing challenges in the digital advertising sphere. However, it is unclear who has the moral right or ethical claim in this topic. If media forego advertisements on their platforms – ads, websites, etc. – consumers will have to pay for the content, in order for the publisher to be able to produce it further on. We need to differentiate, that in the case of search/display advertisements, **advertisers** are *pulling the short straw*. This perspective will be unique, as we will encounter other digital advertising techniques, their ethical dilemmas, and identifying, who is in an *unfair* position.

3.3 Microtargeting

Although part of search & display advertising, microtargeting has gained a lot of interest in recent years, mainly due to its implication and use in political advertising, hence it will be discussed in this separate chapter.

Before diving into expert literature, research into this topic has shown that microtargeting has a clear leader, in terms of the environment it was mostly featured in, in recent years – politics. From Cambridge Analytica to national politics, microtargeting was heavily medialized in recent years. Microtargeting is the act of targeting digital advertisements delivered on a variety of online platforms – from social media to search engines – on a micro-level, using user data mined by social media and various services used on a regular basis by consumers (Borgesius et al., 2018, p. 82; Casagran & Vermeulen, 2021, p. 348). As Khurseed et al. (2020) put it, microtargeting can often enhance the user experience with online advertisements, which are often tailor-made for specific user profiles, based on their online habits and behavior. As the authors note, success depends on whether the targeting disrupts the user's expectation and sense-making (p. 4). Mude (2021) explains, that the difference between regular targeting in advertisements and microtargeting lies within taking the „audience[s] heterogeneity into account“ (p. 10). This would allow targeting on a micro-level, pinpointing selected personal traits to say,

target towns with certain expectations and preferences of political parties (Burkell, 2019, p.5).

The tipping point of public discussions about microtargeting was in 2018, where media outlets discussed the non-consensual collection of user data by the consulting firm Cambridge Analytica, which in turn used this data massively in political advertising. The data collected by Facebook and shared with Cambridge Analytics were considered potentially dangerous, since they were suspected to influence the behavior and decisions of individuals mainly in political use-cases, such as the 2016 US presidential election, or Great Britain's referendum to exit the European Union, known as *Brexit* (Vold & Whittlestone, 2019, p. 8; Ward, 2018). The practice of targeting an audience was not a new trend, since advertising platforms and marketing companies, in general, need to specify the targeted audience in order to successfully deliver ads. But the Cambridge Analytics *scandal* showed, on what kind of large scale this is done and influences the cornerstone of a democratic society – the right to have an opinion, without being selectively influenced based on data collected without consent (p. 8). Increased interaction with technology and hidden personalized targeting, highly personalized targeting, and the end-goal of privately-owned companies which own these data, are the three reasons, by which Vold & Whittlestone make their case on why microtargeting is dangerous for modern society and needs more research and regulation. Moreover, they assess that microtargeting may be a threat to individual autonomy (p. 13). Even before the *Cambridge Analytica scandal*, Barbu (2014) implied, that while a useful marketing tool, microtargeting is similar to the act of „observing private behavior “ (p. 48) and therefore, by making a clear picture of the target, can enable and heighten the potential for manipulation via microtargeting. Barbu also mentioned that the public was more willing than ever to provide their personal information, in exchange for on- and offline services (p. 45) – as can be seen in a variety of scenarios, where one might for example get a one-time discount, in exchange for their e-mail address and other personal information, such as name, date of birth, interests and other.

Zarouali et al. (2020) explored the identification of political micro-advertising using microtargeting in two experiments, exploring the „causal effects of personality-congruent political ads“ (p. 4). In the first study, based on the *congruity hypothesis* – where a positive evaluation depends on whether its intent is aligned with the individual's

personal preference (Solomon, 2018) – subjects were exposed to two contrasting ads. One extravert-framed political ad and two incongruent ads. The second experiment validated the findings of the first study with another set of advertisements, identify underlying mechanisms, and investigate, whether the self-portrait of the subject was accurately assessed by the „automated personality profiling“ tool (pp. 9). The results confirmed, that subjects were persuaded when receiving political ads, which were tailored and framed to their psychological make-up. Furthermore, ads tailored to the psychological profile of subjects – extraverted & positive, enthusiasm-filled ads, or introverted & fear-based ads – showed high success rates in manipulating voting decisions, after receiving a tailored advertisement. By the use of emotional appeals and framing the text of the advertisement, a political advertisement had the potential of persuading the subject towards voting for the respective party. Although the study contributed heavily to the validation of self-congruity theory in this setting, the main reflections were towards a picture of the future of political micro-advertising (pp. 18). The researchers used less than 100 words to deduce whether a person is extroverted or introverted. The results of both studies suggest, that „tailoring political messages to people’s introversion vs. extraversion trait can be an effective tool to persuade citizens“ (Zarouali et al., 2020, p. 19). Since the way microtargeting works is virtually undetectable by users, their framework for detecting persuasion does not comprehend these as such. Closing the results with a call to action, Zarouali et al. suggest that „there is an urgent need to create protective ethical standards, principles, and rules to safeguard fair political targeting practices“ (p. 19). In an earlier study, Papakyriakopoulos et al. (2018) developed a proprietary machine-learning algorithm, which processed data scraped from Facebook and enabled the researchers to track a subject's interests and subsequently use it to influence said social media users (p. 10). The researchers suggest that tailored political ad campaigns would trigger a phenomenon called *instant influence*, where the mind of the targeted subject is not processed rationally and due to its fast occurrence, can develop a conditioned response towards the advertiser's desire (p. 10). The study served as a proof of concept, about the dangers and possibilities of political microtargeting, with self-developed tools.

On the other hand, Khurseed et al. (2020) draw comparisons between digital marketing and phishing – a technique used to gather sensitive user data for malicious purposes, traditionally through e-mails – since the goal of both is to gather data using similar methods. The authors coin the term *microphishing*, to describe how a user responds,

based on a trust decision towards a product message, in order to identify a user's intent, habit and response. Hence, the conclusion is that both digital marketing and phishing share the common traits of *social engineering* and are suggested to be „[malicious] acts towards users“ (Khurseed et al., 2020, p. 5). The premise does make sense – since user data on a micro-level can also mean suspected religious affiliation, political inclination, and opinions on various topics - companies that do collect these data are in possession of a comprehensive picture of online personas – which are often indistinguishable from the real personas of these users. The conclusion of the study suggested two findings – a literature review showed „a clear and identified correlation“ between digital marketing on social media and phishing, as well as established in an experiment, that both microtargeting and phishing work on the same principles (Khurseed et al., 2020, p. 13). This study emphasizes the need for regulation of microtargeting, highlighting its increasing use in political campaigns to the extent, that discussion about a ban of political advertisements on social media and in general, will continue.

Schäwel et al. (2021) proposed three reasons, why defining a linear relationship between political microtargeting and political participation is difficult. Reasons one and two can be boiled down to questioning, whether data from microtargeting could not be pulled from other sources, and whether microtargeting presents *unique* information, towards which the user would otherwise not be exposed to, and the third being, that in this specific study on German politics, German parties target more often, based on broad categories (p. 160). These reasons do not however provide a solid-enough basis for them to be considered equal arguments towards other studies on political microtargeting. The conclusion of this study suggests, that in the first question, the context of the targeting is needed and further exploration into the effects of microtargeting need to be placed, to evaluate their influence. However, the effect microtargeting has was confirmed in several studies analyzed in this thesis (Lorenz-Spreen et al., 2021; Zaourali et al., 2020, Papakyriakopoulos et al., 2018). The second question is answered with a suggestion, that users need to be educated on privacy and privacy perception, which completely omits the advertiser's responsibility towards the user. The third proposition suggests „conducting research, which aligns with ethical principles formulated for social science“ (Schäwel et al., 2021, p. 165). This proposition suggests, that users generally do not enjoy being „observed, evaluated and targeted“ (Schäwel et al., 2021, p. 165) and that new methods for research need to be put in place, in order to uphold the same ethical standards towards

research, as researchers suggest advertisers use. While offering a *different* perspective on research into microtargeting, Schäwel et al. seem to disregard previous research and try to pose questions from the view of the advertiser industry, whereas the role of research is to point, via scientific data, at mishaps with facts and research – and not to play devil's advocate in a topic, which has been thoroughly researched and regularly finds evidence, that regulation needs to be put in place to protect the users - not the advertisers.

Lorenz-Spreen et al. (2021) developed a proof-of-principle, in which participants of two experiments were taught how to „identify ads aimed at exploiting their personal vulnerabilities“ (Lorenz-Spreen et al., 2021, p. 7), with the ultimate goal of showing how educating the public on proper identification can protect them from the various vulnerabilities that are present in modern-day user data collection. These vulnerabilities or threats can include, according to research by Borgesius et al. (2018), invasion of privacy, data breaches, and manipulation (pp. 87). The question of an ethical approach towards microtargeting coincides with the theory of general digital advertising – in order to deliver accurate advertisements and thereby common-sense spend of budget, advertisements need to be delivered to the correct user. But without identifying the attributes of the user, the advertisement may not reach them and damage the user experience, where the ad is delivered. The question of whether and how third parties can intervene is discussed further in the study, highlighting that in the EU, political advertising can be considered *political speech*, which „enjoys the highest level of protection“ (Borgesius et al., 2018, p. 93). Casagran et al. (2021) discussed, whether the practice of political micro-targeting – the act of targeting a political campaign using the microtargeting technique in advertising – breaks any requirements set by the EU's General Data Protection Regulation. Three valuable questions were raised for further discussion – *Who is the data controller?*, *How can valid consent be collected?* and *How can privacy be increased, if it is limited by design and default features?* (pp. 355). In short, we can imagine these questions built upon the fact, that microtargeting data sets are not fully disclosed by any social media (p. 355) and it is not always clear, who the data controller is since the data can travel between servers around the globe and various companies, who analyze these data – data processors - and make them usable for further usage.

But moreover, it needs to be defined who *controls* the data – is the ad network, political party, data brokers, or analytics companies? Only if we defined these actors can we make them accountable for what happens with users' data. Part of the suggested solution is the use of the *data minimization principle*, where only the minimum criteria needed to target voters would be used for political micro-targeting. If we were to think one step ahead, Wilson (2017) has foreshadowed that *artificial intelligence* is and will be playing an increasingly important role in microtargeting since it will alleviate the need for manual data processing and with almost surgical precision, know how to utilize microtargeting to its maximum potential (p. 59).

Metcalf et al. (2019) have compared the effectiveness of microtargeting and normative appeals used in social media, targeting riparian landowners (land running alongside bodies of water) in Chesapeake Bay Watershed – Pennsylvania, USA. The ultimate goal was to support a riparian restoration survey, conservation and ultimately supporting biodiversity. The outcome was, that the restoration initiative gained a 66% increase (p. 33) and suggested, that microtargeting can still be a useful tool outside of political campaigns, where it is most prominently connected within research. We need to put in contrast, that however good the motive, usage can go both ways – be it a restoration survey, or an opposing movement to sell the land to the developers.

By now it is clear, that the disadvantages outweigh the advantages in microtargeting used for political advertisement. Research suggests that transparency and a central database of such ads and expenditures on them (Borgesius et al., 2018, p. 94) could shed more light on a preliminary solution for potential regulation. Moreover, user consent on collecting a variety of information, as well as defining what information is off-limits (Vold & Whittlestone, 2019, p. 13) are important factors on an individual user's basis. As is the case with most advertising techniques, the advantages are mostly enjoyed by the advertisement agency and the advertiser, with the targeted users – their rights and data – left as an afterthought. Political microtargeting can also have further, undesired effects on consumers influenced by an intensive campaign (Dawson, 2021, pp. 64). As Cambridge Analytica was implicated in campaigns towards a positive Brexit outcome, and the resulting controversy around the expectations of the voters, UK politicians have voiced the need for the EU to inform member state citizens more about its purpose and function (Peat, 2022). These statements however omitted any mention of microtargeting

used in political campaigns, citing *misinformation* as a possible source for the outcome of the referendum.

3.4 Search Engine Marketing

Search engine marketing (SEM) is the act of producing content or marketing services or products on search engines, which are possibly shown on various positions and forms in an internet search engine, such as Google, Bing, and others. Search Engine Optimization, SEO for short, is the act of optimizing a website and its content for better ranking on internet search engines. The goal of this optimization is for content, be it a page or post on a website, to be on the upper-most results for the search query, based on keywords used in the search. This encompasses not only text optimization, but optimization of website code, speed, and a variety of HTML code (called tags), used by the search engines to understand and calculate the rank of the content accordingly (Gudivada et al., 2015). SEO optimization provides businesses with a way of ranking high in search queries or search engine results page (SERP), without investing in their advertising platforms to gain this advantage. In some circles, SEO optimization is considered to not be limited only to search engines, but also search engines of social media platforms, videos, and even apps (Google, 2016). The importance of SEO is highlighted by a survey by BrightEdge (2019), which suggests that seven out of ten online experiences start with the search engine, with Google taking the lead in the mobile US market with over 90% (Statcounter, 2021).

A study conducted by Lewandowski et al. (2021) analyzed 256.853 results in 1914 queries (p. 12), with the result that between 41.5 and 63% of search results were classified by the tools developed as search engine optimized (p. 17), confirming a common saying among SEO professionals, that “[it is] tough to gain visibility in search engines without applying SEO techniques” (p. 12). The influence of search engines is remarkable. In a study conducted by Purcell et al. (2012) in the US, ca. 75% of respondents said they trusted information found on search engines, while another survey by the European Commission (2016) rated trustworthiness in search engine results in Austria at 87% and 67% in Romania. Albeit, this rate could be subject to change due to recent discussions on privacy and trustworthiness of mainstream search engines during the COVID-19 pandemic and rising reliance on information from Internet sources.

Interestingly, we can conclude, that SEO can help any business with an online presence. Few studies exist for specific fields, one of them – fitting to the time-frame set in this thesis, was done by Paraskevas et al. (2011) on hotel marketing, outlining best practices for a hotel SEM (search engine marketing) campaign (p. 207).

Swirsky et al. (2018) wrote a journal article on the importance of an ethical approach to SEO in the dental industry, highlighting that “Using deceptive SEO techniques is unfair to everybody; patients cannot find what they need with limited information, and the profession can be brought into disrepute leading to the loss of the community’s trust” (Swirsky et al., 2018, p. 84). While understandably, later referring to black hat SEO practices as a possible cause of deteriorating oral health, due to patients not finding relevant or high-quality dental care providers. But this parallel can be drawn towards each industry. It is not guaranteed, that high-quality services or products will get the same exposure and audience on SERPs as those, who either invest heavily into SEO or utilize black hat SEO practices.

At this point, it is visible, that scientific research into SEM and SEO specifically, is not sufficient in volume and up-to-date information. Google has, on a regular basis, updated its algorithm (Moz, 2022) to include new information, change the calculation of SERP position, and other changes that heavily influence the ranking of results in SERPs (Rogers, 2015).

New search engines, with different focuses, are being used all over the world. All of these factors are developing and evolving so fast, that research can barely capture this information with proper, scientific methods and keep up the speed with which these are updated. Furthermore, we have to take into account the different political climates around the world. As an example, as mentioned by Lissillour (2018), Google China is a subsidiary of Google, created due to blatant censorship and demands of the Chinese government (p. 3). But before this, China has made its technological ecosystem for its inhabitants, including their search engine Baidu, where companies outside of China have to go through a lengthy verification process in order to be shown in the SERPs of Baidu (Duong, 2017). On the other hand, Russia also has its search engine called Yandex, which is informally, partially owned by the state (Kravets & Toepfl, 2021).

In regards to Search Engine Optimization, the key question is the balance between creating unique content to inform consumers factually and rank high in search results for queries, or keywords in search engines like Bing (owned by Microsoft), Google (a subsidiary of Alphabet), DuckDuckGo, and others. A counter-wave of non-sponsored and privacy-oriented search engines like DuckDuckGo promises users relevant results, without the use of trackers or behavior data on the search engine, nor tailoring ads shown on SERPs (Weinberg, 2022). DuckDuckGo does not, at the time of writing this thesis, provide official guidelines on SEO optimization for their search engine. Does this make them more objective, or should this search engine be considered closed-source and less objective than, for example, Google? The privacy aspect of search engines is based on blocking trackers, not logging IP addresses, nor user information. This information can directly impact your search results and the ads shown to you on the search engine platform or affiliated websites, using the search engine providers advertising services.

What makes good SEO optimization is, however, a topic of discussion not only in professions, such as marketing or the ever-evolving job positions of SEO experts but also in scientific circles. There are limited scientific sources on what exact steps a website has to fulfill, in order to rank high in search results and hold on to this position. As Schultheiß & Lewandowski (2021) found in their study on the SEO industry, SEO is considered necessary for visibility, but lacks knowledge of its existence by users, hence its impact can not be realistically measured (p. 11)

Even if trying to position SEO in research, as Iredale & Heinze (2016) wrote, it is hard to have a unified code of ethics for this field (p.110). These limitations arise from the variety of strategies different people use, as well as the complicated position of search engine providers. Some of these providers provide guidelines on how to optimize your website and content, but also often claim to not have complete control over what the algorithm considering each query and source does. The certain degree of autonomy an algorithm developed by humans has to possess is understandable since the platform should be neutral and work with hard-coded schemas, which it processes and interprets – without human interference and possible manipulation. Although journalists have in recent years claimed some, such as Google, have more power over SERPs than they admit to (Grind et al., 2019).

Third parties, such as the Internet Advertising Bureau and SEMPO in the US, or the now-defunct SEMTA for UK and Europe, have tried to discuss forms of regulating the SEO industry – without any successful resolution in sight (Iredale & Heinze, 2016).

While Iredale & Heinze (2016) discussed SEO practitioners as service providers, who provide the service of SEO for outside clients (p. 112), the paper omits to include *in-housing*, or in-house marketers, who work directly and exclusively for the company they are doing SEO for. The paper discussed professional intimacy as one of the key factors for the degrading reputation of the SEO industry (p. 112), while ignoring the basic principle of any business – making a profit. Companies want to provide the client with what they paid for. If these are unregulated fields, the issue lies within regulations by search engine providers, laws, and common grounds for the field – not only professional intimacy and ethics. It should not be a question of making the client understand what SEO is, but rather pressuring, prosecuting, or punishing known blackhat practices in the industry and creating a common ground for ethical SEO practices.

Two schools of thought, or rather ethical approaches towards optimizing search engine performance, exist within the SEO industry – black hat and white hat SEO. As Jha & Saraswat (2018) summarize, black hat or black box SEO is the act of intentionally not following guidelines put by the search engine providers, in order to achieve higher rankings in SERPs, while white hat or white box SEO follows these rules and guidelines. Prakash's (2020) journal article provides updated information on how both approaches work in theory, and mainly – that black box techniques are often used for short-term gain, while white-box techniques offer longer-lasting effects (p. 5).

In general, Veglis & Giomelakis (2020) have concluded that four major methods are used in SEO – keyword research/selection, search engine indexing, on-&off-page optimization (p. 10). A scientific approach towards ranking the importance of various factors of SEO was done in a study by Ziakis et al. (2019), which included the screening of 125 articles regarding SEO best practices and methods, with 24 SEO factors included. Factors that do not change, despite regular algorithm changes, are quantity & quality of backlinks, bounce rate, and SSL certificate presence (p. 9).

Looking back at what this literary research has shown, we can safely assume that there exists a theoretical base for how SEO best practices look like and that they are almost

necessary for businesses with a website presence. But what needs to be improved is the overall knowledge of what SEO is, how it affects SEM, why black hat SEO tactics should not be used and that regulatory organs and search providers themselves need to actively fight against these. If not for saving the vague reputation of the non-avoidable search engines, then at least for the consumer's sake.

3.5 Freemium

The business model and resulting marketing tactic often used nowadays are called freemium, from a combination of the words free and premium and is used to perpetuate a subscription model, based on giving some functionality of an app or medium for free, with additional functionality based on either a one-time or regular fee (Lee et al., 2013, p. 2). Usage of the freemium model can range from music-streaming services to games on various platforms, apps, or even social media. Freemium models also include the controversial *paywalls* in media outlets (Kumar, 2014), which limit the user from reading the full article and offer this option only after a one-time payment, or subscription.

We have established in previous literature and topics, that relying purely on income from advertisements is not a sound business approach, with many pitfalls along the way – ad blockers, consumer's reception of advertisement, etc. Freemium combines the best of both worlds for businesses – the free module often shows advertisements in various parts of the medium or platform, or before continuing with an action, in order to make up for the loss, one would accumulate making service free. Then, if a user signs up for the premium functionality, ads often disappear with additional services available – in exchange for a subscription or purchase. Freemium marketing models are divided into four categories (Sciglimpaglia & Raafat, 2020, pp. 4):

- Multi-tiered products – multiple tiers of functionality with different pricing
- No-advertising upgrade – removes ads from the free version
- Service upgrade – improved/additional services
- Full-usage trial period – All features are available for a limited time for free

Lee et al. (2013) proposed a model, based on a remote-storage service for computer files, with the outcome that consumers of the service eventually buy the premium tier, hence converting from the free tier of the service. Additionally, a referral program benefits the

service, since offering additional features or in this case, space, for a friend's referral, is seen as beneficial for the customer (p. 39). These points are shared by Kamada & Ori (2015), in their study on how referrals in freemium services promoted word-of-mouth by consumers and expand the customer basis (p. 31). Shi et al. (2019) discuss, that freemium, although widely adopted, is still controversial and many companies opt out of it either entirely – as was the case with Rhapsody's music streaming service or Blizzard Inc., which decides only for some games to be based on the freemium model (p. 2). The authors further mention the marketing aspect of freemium - it is used as a behavioral marketing tool. This makes sense since the strategy of freemium allows for rapid consumer acquisition at a low cost (Sciglimpaglia & Raafat, 2020, p. 2) – but the marketing strategy also has to be low-cost, since companies are essentially giving away something for free, but promoting it with a certain budget. The key to a successful freemium service is segmentation – deciding, who the persona is the service targets and who will be paying for the premium features (p. 3).

The ultimate goal of each business utilizing the freemium model on their services should be the conversion of free users to premium users (Runge et al., 2016; Deng et al., 2020). Although a study by Wagner et al. (2013), suggested, based on consumers of music streaming services, that „users of the free version are satisfied as long as they can listen to music in the free version of the service“ (Wagner et al., 2013, p. 2935) – in other words: free-tier users developed overtime a negative attitude towards the premium tier. There is a saying, that *nothing is for free and if you are not paying for something, then you are the payment*. Although it sounds sinister, the actual ethical worries should be visible to the consumers of freemium content. Often in order to enjoy freemium services, the consumer leaves a digital trace behind, which makes their digital persona even clearer to big data processors and eventually advertisers, who will have a more complete picture of who the user is. We can not remedy this worry by paying for the subscription, but a cautious approach towards freemium service usage and considering, if something is worth paying for, instead of using it for free, should be at the core of decisions in today's modern internet user. A study by the Deccan Chronicle (2018) found, that 75% of *free-to-use* virtual private networks (abbr. *VPN*), which are almost exclusively used for privacy purposes, were selling user data, which they accumulated over time from its users with its, at first not visible, freemium model.

In the case of freemium games, which entails an entirely separate *gaming* culture, is the use of in-app purchases, loot crates, and aesthetic items as a topic of discussion among gamers, as well as regulatory organs. The first significant controversy arose with the popular computer game *World of Warcraft*, which started offering pets in-game, for purely aesthetic and non-functional purposes, in exchange for real-money purchases (Neely, 2021, p. 1). Aside from in-app purchases, loot crates or boxes are another topic of significant controversy and a huge part of gaming culture for several years at this point. Players of games can receive crates, opened with a key which can be only bought with in-app purchase – the catch is, that you are not guaranteed to receive a significant item or that of your choosing (Griffiths, 2018). Discussion is going on, on whether loot boxes are to be considered *gambling* and qualified as such, which would increase the age threshold for being able to buy games with this system in place and therefore decrease a significant potential user-base and consumer pool (Xiao et al., 2021).

Neely (2021) proposes, that freemium games, microtransactions, as well as loot boxes are involved in ethical questions centered around „fairness, deception and exploitation“ (p. 2). The question that Neely raises in regards to microtransactions in games is two-fold: when a player is required to purchase something fairly far in the game to continue in the progress via microtransaction, the action is deceptive, since the initial thought was that the game is free to play. On the other hand, microtransactions can tempt consumers to continue playing out of sheer guilt, since they may have „sunk“ too much money on the game in order to quit it naturally. Random microtransactions can be considered gambling, since we do not know the outcome and *bet* money on this random, not-guaranteed outcome. Fixed-term microtransactions let you know what you are buying and getting for it and should be considered ethical, if they do not hinder the player from continuing in the game without purchasing them – being deceptive in its intention to lure gamers into an experience, only to let them continue after purchasing something.

Neely (2021) divides microtransaction into four categories, based on whether they are fixed or random, and functional or cosmetic (p. 5). As was suspected, random rewards are especially ethically problematic, since the player does not know the outcome of the reward they will be receiving. Even if we omit cosmetic rewards, since they do not enhance or degrade the functionality or skill level of the player, they can create a socio-economic divide between the segment of gamers who are playing games with these

embedded mechanics. Players with enough budget can continue buying random loot crates until they receive the desired cosmetic item. As Neely puts it further – „[If] gambling itself is unethical, then introducing a gambling mechanism into a game is unethical“ (Neely, 2021, p. 6). However, if we introduce the *pay-to-win* model into freemium games and make shortcuts available for gamers with enough capital to spend on them, this divide gets even larger and creates an unfair base for the players, based on their socio-economic standing in society. Hazardous with difficulty levels, shortcuts, and power-ups, which artificially heighten the skill of the player, remove one of the crucial aspects of games in general – you will get better, the more you play.

Freemium games rely on the same business model as premium services, albeit they have become controversial in different aspects, such as their competitiveness in them. Games have developers, who also expect money for something they have created. However, if they decide to implement them, this needs to be done carefully and considerately towards the players. Neely (2021) has done exceptional research and targeted, subjectively, all aspects of freemium games that bother modern players, with a rational approach towards the subject and pointing out the pain points of this topic. But the conclusion is, that the freemium model will not disappear anytime soon and has brought a myriad of other ethical issues with it, be it advertisements, loot boxes, gambling, or microtransactions and their fairness towards consumers. Mobile, console, and computer games have become a huge part of our society and the core concept of gaming has slowly found its way into advertising as well.

3.6 Gamification

Gamification is the act of implementing game mechanics into marketing campaigns, or as Deterding et al. (2011) put it - *non-game contexts* (p. 1) – be it unlockable achievements for pre-established goals, progress which is visibly continuing with higher engagement and goals set up by the creators of the campaign, or time-limited challenges which should be completed before a countdown is finished. Ultimately, it makes the advertisement feel interactive and drives, therefore, if correctly placed and constructed, higher engagement (Thorpe and Roper, 2019, p. 4), brand recall & brand recognition (Terlutter and Capella, 2013, p. 101) rather than passive ads without any need for interaction – outside of typical views, clicks and fill-out forms. The first known

advertisement that appeared in a video game, was the ad for a game called *Pirate Adventure*, in an existing game called *Adventureland* in 1978 (p. 95).

The general issue with relevant literature regarding gamification and advertising was the lack of it. Many authors argue about the importance of needs for an ethical framework, like Shahri et al. (2014), Goethe and Plamquist (2020), or Kim (2015, 2018). But little of these *general* ethical concerns of gamification applies to its usage in advertising. The limited number of relevant literature found was reduced of various thesis from universities all over the world, which served merely as grounds for deeper exploration into literature used in them.

The ethical implications of gamification were researched by Kim et al. (2016), due to their belief that there is a lack of constructive research where gamification is not immediately thought of as a negative practice (p.2). For example, the normative concern that its nature is *manipulative* and *exploitative* (p. 10). Two issues the research was focused on were – an „overlay of virtual and real-world norms“ and „tensions between organizational and individual interests“ (Kim et al., 2016, p. 7). Kim et al. criticize that although criticism may be warranted, a framework has not been established for how gamification can be *ethical*. Third parties, such as *The Engagement Alliance* have contributed in 2012 to the discussions around a *proposed ethics statement*, which according to Kim et al. (2016), was *woefully wanting*, lacked thorough ethical analysis, and was not endorsed by any provider (p. 11). What the above research highlighted was the contextual dependency of judging ethical aspects of gamification, since different environments can make use of gamification in different ways in corporate usage. But the research by Kim et al. has not focused on marketing and merely discusses the various ethical aspects and a need for a framework for gamification *in general*.

Another paper discussing gamification ethics comes from Hyrynsalmi et al. (2018). The author's introduction mentions how even good intentions, in this case with gamification, can lead to unwarranted consequences and as with any principle which involves interaction with other parties, warrant a cautious and conscious approach. The authors divide ethical problems in gamification into three main categories: gamification *design*, *technology*, and *data* (p. 2). Taking these into the advertising sphere requires a critical debate. The *design* category is divided by the authors into *personal* and *societal*, but both are defined within enterprise/employee context, not marketing (p. 3). Nyström (2021) has,

for example, conducted a literary review and found seven categories deemed problematic and *dark*, in gamification: *motivation, addiction, competition and collaboration, manipulation, data integrity, surveillance and privacy, ethics & exploitation* (p. 8). Namely, *manipulation* and *exploitation* were found by Thorpe and Roper (2019), to be viable categories of concern, with a possible need for regulation (p. 9).

If advertising would rely on gamification to attract customers to a product, for example by placing high in leaderboards for a game, in exchange for winning the prize – the advertised product – Hyrnsalmi et al. (2016) mention cheating as a potential societal aspect for gamification (p. 3). This means, that advertisers or the client would need to secure the gamified advertisement - *advergaming*, as the used definition for gamification used in advertising by Thorpe and Roper (2019) - in a technological manner, in order to limit cheating and the ability to gain an edge over other competitors and make the gamified advertisement fair towards each participant (Hyrnsalmi et al., 2016, p. 3). An easy way to cheat might discourage consumers from the primary goal of advergaming - influence *brand recall*, as well as the potential buyer's behavior (Vashisht & Sreejesh, 2015, p. 457). Other security concerns would also include a leak of personal information from the participants (p. 4).

The importance of the above literature is its general view on gamification, which opens the door for discussion on how these translate into advertising. Thorpe and Roper (2019) included different approaches towards ethics to see gamification overall, as well as outlining a framework for businesses to evaluate the use of this practice in advertising (p. 16). One of the reasons advertising and gaming go well together is the use of covert designs of advergaming – using a subliminal message, hidden behind a fun, interactive experience with a game design that accelerates the *fun* and engaging aspect of it. Examples include the fitness app *Nike+* and McDonald's *Monopoly* game (Robson et al., 2016). In the case of *Nike+*, the app extends the purchase of sporting equipment with an interactive experience, with prolonged exposure via branding of the app. Thorpe and Roper further scope gamification as a distinct concept, rather than part of persuasive marketing (p. 4). But as part of the digital advertising spectrum, gamification in advertising is intended to be designed to „actively hide the intended outcome from users“ (Thorpe and Roper, 2019, p. 6). The authors put in contrast a consequentialist perspective, where the important factor in deciding the ethical aspect of actions is, by comparing the

number of people who benefit from the actions. A simple comparison of employees benefiting from rising sales from gamification, as opposed to the *loss* in terms of bad customer experiences, would directly mean that the principle of gamification can not be judged as ethically *wrong*, since one side has significantly benefited from this situation.

But this view is almost immediately dismissed, since from the perspective of Thorpe and Roper in 2019, gamification has not been exploited to the greatest possible extent (p. 7) and therefore we can not fully apply the consequentialist view on ethicality. On the other hand, *deontologists*, who do not take quantitative nor qualitative qualities as the basis for judging the *good* and *bad*, would much more focus on the deceptiveness of gamification – masking the true intentions of the advertisement. The paper abruptly claims that this deceptiveness can be foregone by applying more resources on transparent strategies – although their influence on the ethical aspects of gamification is not elaborated on (p. 7). *Addiction* is a different category is an entire principle, on which modern games are built – capturing the awareness of the player and boosting their engagement to the highest possible limit, essentially creating a *digital addiction*. At the same time, the authors claim insufficient evidence and research in regards to companies „purposefully creat[ing] addictive games“ (Thorpe & Roper, 2019, p. 10). This would also include advertising to „vulnerable users“ (Thorpe & Roper, 2019, p. 11). But the conclusion in this paper repeats the worries of previous researchers debated in this section – gamification is in its *infant stages* and requires close surveillance by researchers, in order to build a robust framework around it.

Altmeyer et al. (2019) mention, that with the increased use of ad-blocking software by consumers, gamification in advertising can be used as a backup solution for ads that are blocked by said software. Related research found, that *user experience* and *enjoyment* were deciding factors in the success of online advertisements (Visuri et al., 2017). Altmeyer et al.'s quantitative study created eight-game concepts, with a pre-and-post-study assessment of the user's perception of them. The concept of the games was fairly simple – they either removed, showed, or moved the ad on a website, based on users interacting with the game. The results showed, that „playfully deactivating ads is enjoyable, with one game concept even being preferred over an ad blocker“ (Altmeyer et al., 2019, p. 10). This reinforces the previously made point, that although ad blocking software usage is increasing, advertisers and companies might have an alternative at hand

– if these games were to not be blocked by software and categorized as ads. On the other hand, gamification in advertisement could, for example, help people get professional help in fields that they do not interact with daily, but have a high-probability use for in the future – legal representation, to be exact (Kimbrow, 2016, p. 345). This concept does not restrict to lawyers and their services, but a variety of experts that people do not interact with daily and have limited, inherent knowledge about.

Researchers have a clear understanding of the principles of gamification because it directly relates to how, for example, the MMORPG genre of digital games captures users' attention and highlight the benefits of continuing to play them. The main question is, whether users understand how gamification in advertising works on their sub-/consciousness and influences their buying decisions, as well as brand awareness and/or recognition. To bring these mechanics to light and protect the consumer's interest, regulatory organs and restrictions are needed – as concluded by researchers analyzed in this section.

3.7 Native Advertising

Hiding advertisements and presenting them as a natural part of the planned content, has been around in various forms for decades. Perhaps the most known example is *advertorials*, which combined advertisements in editorial form, have spiked in usage in the mid-1980s, according to Stout, Wilcox & Greer (1989). These were however not differentiated by disclosures, as is the case with native advertising, but by attributing the content to associates of the advertiser in the bylines, for example.

In the words of Wojdyski & Evans (2016), *native advertising*, also called sponsored content, is described as „[...] any paid advertising that takes the specific form and appearance of editorial content from the publisher itself“ (p. 157). The most common international usage of native advertising is, according to the Interactive Advertising Bureau (2019), *In-Feed Unit*, where the advertisement is purposefully constructed as editorial/social content; *Content Recommendation Widget*, where advertisements are placed in a separate section somewhere in the article and recommended as further related reading; and *Branded/Native Content*, where advertisements are published in an identical format, as with a typical editorial on the publishers medium (p.7).

The primary perspectives when discussing native advertising, as proposed by Naderer et al. (2020), is the effectiveness of disclosures, willingness to disclose the practice, marketer's perspective, as well as regulation and education regarding native advertising practices.

Wojdyski & Evans's (2016) paper on the definition of native advertising established two findings – how readers perceived text when a disclosure about it being a native advertisement was at hand, as well as an eye-tracking study on the influence of said disclosures position. What sets the tone for how *sly* native advertisements can be, was the key finding of this study – less than 8% of this study's participants recognized texts as advertisements. Likewise, Hyman et al. (2017) found that below 50% of participants in their study correctly identified and differentiated native ads from non-advertising content. Circling back to Wojdyski & Evans (2016), identification of native advertising generated negative attitudes towards brands due to the perceived deceptive quality of the content/advertisement (p 166). While we can typically find disclosures of sponsored advertisements at the beginning, middle or further-down positioning were found to be more effective in ad recognition (pp. 161). Additionally, Eisend et al. (2020) found, that using the word *advertisement* in the disclosure of a native advertisement, enhanced their capability to understand that the content they are reading is a form of an advertisement. Hence it is established, that the principle of native advertising is hiding its advertising form behind an editorial form, with a varied perception from the consumer's side. Tutaj & Reijmersdal (2012) concluded that native advertisements irritated consumers less, compared to banner advertisements.

A study by van Reijmersdal et al. (2005), albeit a little dated, concluded that advertorials – mixed content with ads – resulted in positive reactions, as opposed to classic advertisements. However, the effectiveness of advertisements might vary after a certain time, and the *hidden* aspect of such ads can be either overcome by gaining a kind of schema for identifying them overtime or coming to terms with new forms of advertising, which use even more deceptive tactics. Likewise, the question of generating revenue, especially for journalism organizations, begs to question ethical ramifications for native advertising – as seen in the example of improper Scientology advertisement in The Atlantic (Carlson, 2015), where an advertorial on a controversial church, such as Scientology, was considered distasteful or downright ironic since it highlighted

achievements deemed by the church as groundbreaking, while non-sponsored media coverage was critical of their actions. Are there limits to *who* and *what* can advertise? *Who* will have the last word in regulations?

Friestad & Wright (1994) developed the *persuasion knowledge model*, PKM for short, describing the knowledge of the person experiencing persuasion, influences the respective response to these attempts at persuasion. Amazeen & Wojdyski (2019) applied this model to a study of 738 US adults, examining these digital news readers' reception and recognition of sponsored news articles – and whether they could distinguish them as advertising. The results were staggering – fewer than 1 in 10 readers were able to correctly identify an article as advertising, with younger and higher educated recipients having a higher success rate at identification (p. 223). In other terms – younger and more educated people had a higher rate of correctly recognizing content as a native advertisement. Another significant finding of this study concluded, that if the motivation of the reader was to gather information from the article, the evaluation was significantly less favorable if recognized as native advertising (pp. 239). Recipients, when asked, were also more likely to counterargue the information in the article, if persuasive language was used. This means, that recipients who have an existing knowledge of how persuasive language looks like, are directly influenced by the perception and eventually distrust the article.

As Amazeen & Wojdyski (2019) put it - „native advertising, when recognized, motivates counterarguing as a coping mechanism in the persuasion process“ (p. 239). The final observation of this study concluded, that if publishers were transparent in the usage of native advertising in their article, for example producing a disclaimer/disclosure, recipients were less likely to counterargue and their reception of the information increased (pp. 239). An empirical study by Sweetser et al. (2016) supports the hypothesis, that sponsored content does not have a significant negative impact on the public perception towards brands. Jung & Heo (2019) found that recognition of content as an advertisement in social media was mostly based on prior experience of the consumer and argue, that disclosures might not be as relevant as educating consumers on how to identify ads. The goal of the Amazeen & Wojdyski (2019) study was to prepare a guideline for publishers, advertisers, and policymakers, to minimize deception in native advertising. Although it is arguable, whether this data will be used to help the consumer understand native

advertising better. Furthermore, the study focused on digital news, while we are able to see native advertising being used in a variety of media, like social media, online review sites, and different mediums.

Park et al. (2020) analyzed native advertising in mobile applications while taking into account the thinking styles of consumers, e.g. holistic or analytical thinking. The study found that analytic thinkers preferred non-native ads – because they are easily distinguished from other content, while holistic thinkers preferred native ads – because they blended with media content (p. 590). This unique study took into account moderators – thinking style and congruency, in order to better *what* affected the perception of native advertisements. This not only offered valuable insight into native ad research but explored another, popular domain – mobile apps.

Returning to digital news, however, Amazeen & Wojdyski (2019) offer valuable insight into the reception of native advertising in the US. However, only two other studies in Europe were mentioned as an example of insight into how Europeans – in Belgium and the Netherlands – perceive native advertising (p. 241). On the other hand, Raimondo, et al. (2019) analyzed the perception and effectiveness of native advertisements on a language level, differentiating between abstract and concrete information, in in-feed units (pp. 153). This would directly support the assumption, that indirect content with a certain level of abstract language can be more influential towards a positive view on the brand and message of the advertisement. This in turn would support Amazeen & Wojdyski's pursuit of a more transparent way, for publishers and everyone involved, of warning the recipients, that what is in front of them is a native advertisement. If Amazeen & Wojdyski (2019) tried to create a guideline, Raimondo et al. (2019) have underlined the importance of transparency, since even the language used in an advertisement can camouflage it into an indistinguishable piece of factual information.

Scientific studies serve multiple sides and are, mostly, accessible to the general public. Therefore, such studies would much more effectively serve watchdogs and policy-makers in forcing advertisers to adhere to scientific findings and help consumers correctly identify what is a native advertisement, as opposed to handing advertisers and publishers tips on how to more effectively, *de facto*, *deceive* consumers (Wojdyski, 2016). In terms of the relevance of native ads for specific fields, Revel et al. (2016) found that clickbait and political ads significantly reduced the credibility of the media publishing these, while

non-political & non-clickbait ads were not seen much differently than other content without ads.

A natural evolution of the concept of native advertisement is **sponsored links** and **sponsored content** (pp. 8), where for example reviews of a product are sponsored by the manufacturer or reseller of certain products or services and it is up to the discretion of the producer to objectively review said product or service. The key ethical issue here is the aspect of persuasion by the content creator and potentially the advertiser (p. 10). Whereas **sponsored links** (e.g. the Amazon.com Associates Program, as of the writing of this thesis) also pose the question of whether the content producer and publisher would want to prefer to mention a product and link to it with financial gain in case of a successful purchase, as opposed to other products and services who might not have such programs for sponsored links. On the other hand, *sponsored hyperlink listings* cover content, which is recommended to the user for further reading, while redirecting the consumer to third-party websites. Due to the wide variety and forms of native advertisement and its related forms, Wojdyski & Evans (2020) developed the *Covert Advertising Recognition and Effects (CARE)* model, to create a framework for researchers to distinguish the various forms of covert advertisements and their effects on consumers.

In conclusion, the key ethical aspect is to maximize transparency towards the consumer. Even if this may sound contradicting to people working in advertising, studies mentioned in this paragraph hint towards transparency resulting in positive attitudes towards native advertisements.

However, change will only be achieved by more scientific studies, acceptance by advertisers/publishers, and potential enforcement by watchdogs and responsible political organs. In Germany, the *Zentralverband der deutschen Werbewirtschaft e. V.*, describes recommended law regulations for native advertisement, while a variety of laws in Germany cover the proper usage and regulations of native advertisement (Tuna, Ejder, 2019). Dykhne (2018) called for the FEC in the US to catch up with advertising trends and loopholes, like advertising political information in a non-political context, for example, mobile games (p. 373). The call for responsibility by Dykhne explicitly mentions that new regulations would not block the ability of platforms to innovate, by providing flexibility with transparency, in case of disclaimers about advertisements (p. 372). This can, however, differ for each country, and with users around the world

virtually having access to media around the world, it purposes a challenge without any definite solution in sight. As Matthes et al. (2020) concluded in their editorial on native advertising, „marketing success and consumer fairness are not necessarily mutually exclusive when it comes to native advertising“ (p. 278)

3.8 Influencer Marketing

Influencers are personas, who have a large enough social media following to be contacted by a company to promote their product on a social media platform of choice. The deciding factor is the influence these personas and their opinion have on their audience (Freberg et al., 2011, p. 90). We can conclude, that influencers can star on a variety of social media, be it Instagram, Facebook, Twitter, Snapchat, or other, lesser-known media. On the other hand, platforms such as Twitch – owned by Amazon – offer live-streamers a platform to become influencers and collect profit directly from their viewers, via direct donations through the platform, not only by collaborations with other brands by promoting their products or services.

Trust in online personas and online recommendations create a basis for the link between the influencer and the person being influenced by this recommendation. However, Boerman et al. (2017) found that if followers of such personas find a distinct commercial motivation and see that the persona is not free to discuss what he/she thinks of the sponsored product or brand, the attitude can turn negative towards both actors – the brand and influencer (p. 90). The field itself notes a difference between influencer levels – influencers influencing small, niche groups of followers, *nano influencers*, to *celebrity influencers* with enormous numbers of followers, and categories in between (Campbell & Farrell, 2020, p. 3). Campbell & Farrell (2020) further note four other important categories in finding whether the influencer is a right fit for a campaign – *follower count*, *authenticity*, *accessibility*, *expertise*, and *cultural capital* (p. 3).

The three functions that influencers represent are the *endorser* (celebrity, expert, consumer), *audience* (reach, targeting, attention), and *social media manager* (strategist, producer, community manager) (p. 4). This suggests, that influencers have a three-fold role to fill as influencers, which also plays an important role in the decision-making for marketing managers and their choice of influencer. These categories and the numbers they show provide fact-based information on the status of the influencer, instead of the

pre-social media image of a *celebrity* with general recognition and status. Chopra et al. (2020) identified four levels, which impacted consumers based on the post shared by influencers: *brand awareness*, *subject matter expertise*, *brand preference*, and *preference* (p. 12). The study also implies, that while recommendations from first-degree contacts – e.g. family and friends – have priority, consumers see influencers as an extension of their friend circle (p. 12).

A general tip, concluded by the research of Martínez-López et al. (2020) towards influencer marketing is, that these personas should focus on what their followers are trying to find – it is an „honest and useful [opinion] that help them make decisions“ (p. 21). Likewise, Lou & Yuan (2019) found, that an influencer's perceived expertise gains them a certain leeway in promoting products, that are connected with their expertise (pp. 68). For brands that seek advertising, a relevant and appropriate influencer should be chosen, not necessarily based on their celebrity status – deeming it „better to work with non-celebrities, but who are experts with sufficient renown in their field“ (Martínez-López et al., 2020, p. 21).

A study by Coates et al. (2019) had the goal of determining, whether children can be influenced into increased snack intake by being exposed to YouTube videos with influencer marketing. One of the interesting notes the study makes is, that traditional television has undergone extensive research for various kinds of advertising, the influence of digital marketing on children's eating behavior has limited research behind it. Research by Ofcom (2017) showed, that digital media, and often YouTube, is enormously popular with children. As was discussed with native advertising in this thesis, research has shown that with adults, disclosures about advertising help create a framework of choice, or rather *persuasion knowledge* which helps the consumer understand the attempts at persuading them towards a preferred brand, service, or product.

Van Reijmersdal et al. (2017) found, that such disclosures do not influence adolescents (Eisend & Tarrahi, 2021, p. 16), since persuasion knowledge was found to be developed during adolescence, diminishing the effectiveness of disclosures in advertisements with adolescents. The same was confirmed by Coates et al. (2019) in their study, where placing a „protective“ advertising disclosure did not reduce the influence on children's brand choice in the experiment (p. 6). All-in-all, the study found that influencer marketing did influence children's *immediate* intake of snack alternatives, which were promoted over

other brands in YouTube videos (p. 7). Additionally, Xiao et al. (2018) found in an empirical study based on 497 respondents, that *trustworthiness*, *social influence*, *argument quality*, and *information involvement* are considered by experts to affect the credibility of personas on YouTube. Stubb et al. (2019) support the notion, based on empirical evidence, that disclosing sponsorship compensation „could induce greater source [and message] credibility“, while also elevating the positive view of the YouTuber if associated with popular brands, such as in this case, Patagonia (pp. 117).

While the influence of influencers on adolescents or minors is important, they might want to become influencers, due to being inspired by the people they are exposed to a lot of their time. As De Veirman et al. (2019) put it in their study on how influencer marketing targets children, ethical questions arise also regarding children influencers and „possible psychological consequences“ once they achieve certain online fame (p. 11). As the authors themselves conclude, both parties need protection in law and applicable guidelines. The issue that De Veirman et al. highlight is, that an in-depth study into the media usage of minors needs to be conducted, in order to have solid proof of how many minors can be influenced by these influencers. Different platforms use different algorithms and strategies to capture their audience. Even though laws are updated regularly, in 2019 there were no clear guidelines, or rather, they were open to interpretation, both by the US & EU, whereas in the EU these guidelines were more likely to be implemented on a national level with a variety, heterogeneous structure (De Veirman et al., 2019, p. 12). This means that what should be worrying is the influence influencers can have on minors – as we mentioned, their persuasion knowledge does not develop until adolescence – and since they themselves are growing up with the technology and platforms which enabled influencer marketing, from early childhood. The study concludes, that the needed insights into influencer marketing are (p. 13):

- *Insight into influencers' content strategy*
- *Influencer perception on children's consumer socialization*
- *Impact of influencer marketing on children*
- *Protecting children from influencer marketing with guidelines & regulations*

The responsibility for an ethical approach towards influencer marketing lies within the hands of the influencer, rather than the brand trying to promote their product or service – since these collaborations can be declined by the deciding factor – the influencers

themselves. Jin et al. (2019) developed a theoretical framework, which shows that consumers view Instagram celebrities differently than celebrities in a traditional sense. A social presence by influencers is their strong point, and directly translates into consumers' trust towards the influencer and thereby the positive attitude towards the promoted brand (pp. 577). But ethical worries should not only be directed towards the consumer being influenced but the influencer itself. Both sides – the consumer and influencer – have something at stake. For the *influencer*, it can be their livelihood, and for the *consumer*, it can mean a decision towards a product they buy with their hard-earned money. All studies discussed in this chapter shine a light on one of the ethical aspects of influencer marketing – choosing the right influencer based on their credibility, not only their perceived celebrity status or follower count. On the other hand, influencers should consider whether their affiliation with a certain product should influence their review or recommendation – making subjective peace with themselves, in terms of a theoretical question of *would I recommend this product, were it not for the sponsorship I receive from it?* With great influence, comes great power. Some may not know the gravity of their position immediately, or at all.

4. Discussion

In general, most of the identified techniques within digital advertising are using covert tactics to hide their intentions from the consumers. Digital advertising is unavoidable and most probably a permanent part of our digital presence - for now.

Online digital advertising, in general, suffers intense losses, since ad blockers are rising in popularity. With 18% of active adblocking software users in the US, 50% in Indonesia, and an estimated loss of nearly 41.4 billion USD in 2014 (Aseri et al., 2020). It seems difficult for privacy-oriented services to convert users, since they offer less personalization in exchange for more privacy, which may seem like a downside to consumers, used to receiving pinpointed advertisements or search results online. Although this thesis was critical towards Schäwel et al. (2021), their point about educating consumers on privacy principles is more than worthy of consideration. An argument that can be heard a lot is, that someone has *nothing to hide*. But having nothing to hide is not a valid argument for third parties having a nearly complete image of the consumer, without them knowing how and how their data are processed.

The first plan for this thesis was to cover fields that might profit from these advertising techniques and discuss the specific ethical implications for each field. There were substantial amounts of research on ethical advertising before 2012 for specific fields, such as travel, medicine, and others. Nowadays, any business can profit from digital advertising and therefore their ethical conundrums are turned over to how they advertise and where – their choice in methods and techniques of advertising.

Native ads and **Influencer marketing** need enforced disclosures or disclaimers, in order for consumers to properly identify that the content is sponsored and may not be unbiased.

Influencer marketing, or influencers themselves, need to consider whether the decision to advertise a product is ethically sound, in terms of their belief that the service or product is beneficial for their fans, followers and fellow consumers towards whom they are advertising the product.

Microtargeting can pose a danger to a democratic society and influence political decisions on national levels, as discussed in the dedicated chapter. Its impact on politics is the most researched and discussed, although its potential is not limited to only political microtargeting. Regulations are hard to define, since, in the case of political microtargeting, regulations can border with restricting free speech. Either way, to avoid subconscious influence, regulations need to be made and a more transparent approach with disclaimers and identification of advertisers needs to be implemented.

Search engine marketing requires intervention from not necessarily state regulators, but the search engine platforms, in order to emphasize how businesses can achieve organic visibility on SERPs and highlight ethical practices, known as white hat SEO in their marketing strategy. This needs to be enforced by the platforms, before intervention by state regulations or third parties. Likewise, SEM seems to be, according to collected research, the advertising technique with the least common knowledge from businesses and the general public – which needs to be educated on how search engine results can be manipulated and learn to identify legitimate sources.

Search & display advertising needs to enhance the protection of customer privacy and resolve the questions surrounding Google's dominance in the digital advertising environment. Questions need to be posed, whether market dominance is ethically wrong

and who has the right to regulate high performing and dominating companies, if competition is struggling to gain the upper ground. This advertising technique was the only instance, where advertising networks should consider ethical aspects and approaches, not advertisers who are abiding by the rules set in place by advertising networks.

Freemium as an advertising technique requires more knowledge from the general public, on *what* the price is for the product – be it their time viewing ads, or handing out private information and usage information to advertisers and big data processors. With proper education, consumers might consider the way they are approaching *free* mediums and understand the underlying price. **Gamification** can be an alternative to classic digital advertising but requires more research and understanding, as well as increased usage by advertisers in order to fully grasp the ethical questions around it.

1. What trends and methods, used in digital advertising in 2022 and beyond, are implicated in discussions about their ethical liability, based on available research?

H1: If search engine marketing, microtargeting, native advertising, and influencer marketing will be universally regulated by third-party regulatory organs, they will abide by what is considered an ethical approach towards consumers.

H2: Search & display advertising requires intervention by regulatory organs, in order to fully abide by what is considered ethical towards advertisers on the respective platforms.

H3: Political microtargeting in advertising does not abide by ethical principles.

2. What solutions need to be proposed in 2022 and beyond with what advertising techniques, in terms of a discussion about their ethical implications towards consumers, based on available research?

H1: Universally requiring disclaimers to identify native advertising and influencer marketing as a form of advertisements, will enable transparency towards consumers and their deployment to be considered ethical.

H2: *If education about search engine marketing and the freemium business model among consumers will be increased, then these techniques would enable transparency towards consumers and their deployment to be considered ethical.*

H3: *In search and display marketing, advertising platforms are accountable for an ethical approach towards advertisers.*

H4: *In influencer marketing, influencers are accountable for an ethical approach towards their followers when advertising products or services.*

5. Conclusion

Nowadays, the topic of ethical approaches in advertising is often overlooked by consumers, mostly due to the normalization of *free-to-use* mediums and covert forms of advertisements, which seem to be everywhere. Consumers need to be aware, that nothing is for free, and the price is often their private data, processed sold to advertising companies, to better target advertisements to said users and potentially manipulate them towards certain decisions. It is up to research – such as this thesis - to fully capture the ethical implications of digital advertisement and find the *pain points*, which need to be addressed and improved.

With rapid digitalization comes a regular need to keep up with the latest changes in advertising trends, since the technology itself is subject to constant evolution. Marketing professionals, as well as researchers and third-party regulatory organs, need to update their knowledge regularly to stay up-to-date with the newest advertising trends. Advertising comes with a responsibility towards consumers. Hence scientific research into ethical aspects can provide grounds for potential change in how advertisers tailor their advertisements, as well as to keep companies behind these tools *in check*.

On the other hand, digital advertising seems to be either declining or transforming into other forms of profiting from online content, such as hiding information behind paywalls, or subscription-based access, which are meant to keep incoming revenue with alternate forms of payment. Likewise, privacy concerns and protection are slowly increasing, with various solutions for blocking ads or trackers – AdGuard, Pi-Hole, Adblock, and more - gaining and maintaining popularity among internet users. However, as we hide from the

eyes of advertisers, we limit the availability of freely accessible information- albeit, these forms were never truly free. Revenue needs to be generated, in order to continue maintaining a website, medium, source. Hiding content behind a paywall or subscription can be seen as undesirable, since this is another shift towards a different principle of monetization. Both of these approaches cancel each other out. No ad revenue means either shutting down the source due to lack of funds or asking individuals to contribute regularly, in order to maintain said source. Both come at a, albeit *different*, price.

The weakest link in an ethical approach is always the way people mis-/use it. In this case prevalently– the advertisers. While third-party watchdogs are, according to each trend observed in this thesis, necessary, the way these advertising trends and techniques are used ethically always relies on the advertisers themselves. To expect the consumer to vary of their every step in an age where being online is almost unavoidable, is unfair and morally questionable, at the least.

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7. Attachments

7.1 Abstract

When people are forced to stay at home, what connects them to the outside world are their phone, tablet, or computer and the resulting onslaught of digital advertisements for a variety of services or products. The increasing reliance on digital presence was amplified during the (as of 2021, ongoing) COVID-19 pandemic. Although the entire world is waiting for the moment when things will get "back to normal", the pandemic served as a catalyst towards a realization – our *digital persona* has become an integral part of our presence. With limited options to visit a store or business personally, businesses need to adapt their strategy on all fronts. And what better way to make people aware of a service or product, than digital advertising. But can this be done ethically? What does ethical advertising mean? What are the dominating topics in regards to digital advertising in 2021 and beyond? This study aims to provide a comprehensive picture, based on literature research, to define what *ethical digital advertising* is, in what fields it is present, and forecast its future in use, presentation and methodology.

Wenn Menschen gezwungen sind, zu Hause zu bleiben, verbinden sie ihr Telefon, Tablet oder Computer mit der Außenwelt und der daraus resultierende Ansturm digitaler Werbung für eine Vielzahl von Dienstleistungen oder Produkten. Die zunehmende Abhängigkeit von digitaler Präsenz wurde während der (ab 2021 andauernden) COVID-19-Pandemie verstärkt. Obwohl die ganze Welt auf den Moment wartet, in dem die Dinge „zurück zur Normalität“ zurückkehren, diente die Pandemie als Katalysator für eine Erkenntnis – unsere digitale Persönlichkeit ist Teil unserer Präsenz geworden. Angesichts der begrenzten Möglichkeiten, ein Geschäft oder Geschäft persönlich zu besuchen, müssen Unternehmen ihre Strategie an allen Fronten anpassen. Und was gibt es besseres, um Menschen auf eine Dienstleistung oder ein Produkt aufmerksam zu machen, als digitale Werbung. Aber ist das ethisch vertretbar? Was bedeutet ethische Werbung? Was sind die dominierenden Themen in Bezug auf digitale Werbung im Jahr 2021 und darüber hinaus? Ziel dieser Studie ist es, basierend auf Selektiver-Literaturrecherchen ein umfassendes Bild zu liefern, um zu definieren, was ethische digitale Werbung ist, in welchen Bereichen sie präsent ist, und ihre Zukunft in Bezug auf Verwendung, Präsentation und Methodik zu prognostizieren.